

**LAFCO MEETING:** June 4, 2014  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Mala Subramanian, LAFCO Counsel  
Dunia Noel, Analyst  
**SUBJECT:** SARATOGA FIRE PROTECTION DISTRICT SPECIAL STUDY  
REVISED DRAFT REPORT AND OPTIONS FOR NEXT STEPS

#### **STAFF RECOMMENDATION**

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##### **CEQA ACTION**

1. Determine that the Saratoga Fire Protection District Special Study is not a “project” for purposes of the California Environmental Quality Act (CEQA) under §15061(b)(3) [General Rule] and is exempt from the requirements of CEQA under §15306, Class 6.
2. No CEQA action is necessary if the Commission does not initiate any changes in the governance of Saratoga Fire Protection District (SFD). In order to declare intent to initiate consolidation of SFD with the Santa Clara County Central Fire Protection (CCFD), LAFCO as Lead Agency under CEQA, must find that the consolidation of SFD with CCFD is not a “project” for purposes of the CEQA pursuant to §15378(b)(5) and §15061(b)(3) [General Rule] and is exempt from the requirements of CEQA under §15320, Class 20.

##### **PROJECT ACTION**

3. Accept the Saratoga Fire Protection District Special Study Report. (**See Attachment B for Special Study Report**)
4. Discuss the two options and direct staff as necessary:  
Option 1: Declare intent to not initiate any changes in the governance of SFD.  
OR  
Option 2: Declare intent to initiate consolidation of SFD with CCFD; and direct staff to seek concurrence from the CCFD, and prepare appropriate terms and conditions.

## PROJECT DESCRIPTION

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The Saratoga Fire Protection District (SFD) covers a portion of the City of Saratoga and some adjacent unincorporated area. The SFD is completely surrounded by the Santa Clara County Central Fire Protection District (CCFD), a regional fire district, which serves the remaining portion of the City of Saratoga, other nearby cities and large unincorporated areas in the vicinity. **(See Attachment A for map of the two districts)** As an independent special district, the SFD is governed by a 3-member elected Board of Directors, whereas the CCFD is governed by the County Board of Supervisors. In 2008, following the success of a management agreement between SFD and CCFD, the two districts entered into a full service agreement, whereby SFD employees were transferred to the CCFD.

The resulting “functional consolidation” increased efficiencies without change in governance or jurisdictional boundaries of the two districts. As part of the Service Agreement (Appendix A of the Special Study Report), CCFD must provide fire suppression and prevention services to SFD; and SFD must pay 90% of its property tax revenue to CCFD for the service. The SFD has retained responsibility for the management of the Early Warning Alarm System (EWAS), a program mandated by the City of Saratoga and SFD ordinances which require installation/monitoring of a fire detection system for new construction and certain remodels / additions located within the SFD or the City of Saratoga.

In 2010, LAFCO’s Countywide Fire Service Review identified two viable options for SFD governance: (1) maintenance of the status quo, or (2) dissolution of the SFD and consolidation with CCFD which would result in an estimated annual savings of approximately \$118,000 in administrative costs and make accountability for service more transparent. Following the adoption of the Service Review, LAFCO established a zero sphere of influence for the SFD in anticipation of its eventual consolidation with the CCFD given that it is completely surrounded by and contracts for services with CCFD. Partly in response to the 2010-2011 Civil Grand Jury Report which urged LAFCO to be more proactive about implementing the recommendations in its service review reports, including those related to dissolutions, where warranted, LAFCO at its December 2010 meeting, directed staff to pursue further research and analysis of the latter option.

In spring of 2011, staff began researching and developing materials on the dissolution process. In June 2011, staff met with the chairperson of the SFD in order to discuss this issue, who expressed strong opposition to any potential dissolution efforts. As directed by LAFCO, staff provided a presentation to the Saratoga City Council in November 2011, to solicit input on the SFD issue. The City Council had several questions regarding the process, indicated that the current situation should be given a chance to continue, and requested that they be kept informed of any further study by LAFCO.

In December 2011, LAFCO authorized staff to seek a professional service firm to conduct a special study on the impacts of the potential dissolution of SFD and annexation to

CCFD, including a detailed analysis of the cost savings and fiscal impacts in order to inform LAFCO's decision on whether or not to initiate dissolution of the SFD and annex its territory to CCFD.

## **PREPARATION OF THE SARATOGA FIRE PROTECTION DISTRICT SPECIAL STUDY REPORT**

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In June 2012, LAFCO issued a Request for Proposals (RFP) for a professional services firm to prepare the special study in response to which, it received a single proposal from Economic & Planning Systems (EPS). However, due to the LAFCO Office's workload and priorities, this project was placed on hold until 2013. In March 2013, LAFCO contracted with EPS to conduct the Saratoga Fire Protection District Special Study.

In mid-July 2013, LAFCO staff contacted SFD in order to arrange a meeting between EPS and SFD regarding the study. However, due to scheduling issues, a meeting could not be immediately arranged. On July 26, 2013, LAFCO staff forwarded a data request from EPS to SFD and requested that the District respond by August 14, 2013. In response, SFD's Legal Counsel stated that their draft response would be considered by the entire District Board at its meeting on August 20, 2013 and suggested that EPS meet with SFD on the study as part of the District's September 24, 2013 meeting. On September 11, 2013, EPS received data from SFD in response to its initial data request.

EPS attended SFD's September 24, 2013 Board meeting and also met with staff of CCFD on the same day in order to collect additional information from each district for the study. LAFCO staff attended both of these meetings. EPS continued to request and receive additional information from both districts over the next few months in order to prepare their report.

### **Release of Draft Report for Public Review and Comment**

On February 25, 2014, an administrative draft of the report (excluding the Findings Chapter) was provided to the SFD and the CCFD, for their internal review and comment prior to the public release of the Draft Report. The purpose of this step was to ensure that the two districts had an opportunity to review the report and identify any factual inaccuracies prior to the release of the report for public review and comment. The SFD provided written comments on March 20, 2014, which were considered and addressed in the Draft Report as appropriate. The CCFD did not provide any comments.

The Saratoga Fire Protection District Special Study Draft Report was made available on the LAFCO website on March 28, 2014, and as part of the LAFCO packet for the April 2, 2014 meeting. Staff sent a Notice of Availability to all affected agencies, LAFCO commissioners, and other interested parties announcing the release of the Draft Report for public review and comment.

At its April 2, 2014 meeting, LAFCO received a presentation from EPS on the Draft Report for the Saratoga Fire Protection District Special Study and received comments

from SFD's attorney on the Draft Report. No final action on the Draft Report was taken at this meeting.

### **Release of the Revised Draft Report for Public Hearing**

As of May 20, 2014, LAFCO received two comment letters on the Draft Report (from Hal Toppel, SFD's attorney and from Ernest Kraule, Retired SFD Chief). EPS has reviewed these comments and has prepared a response to these comments. See **Attachment C** for the comment letters and the consultant's response.

The Revised Draft Report with tracked changes and this staff report was made available on the LAFCO website on May 20, 2014, for additional public review and comment. A Notice of Availability (**See Attachment D**) was sent to all affected agencies, LAFCO commissioners, and other interested parties in order to announce the availability of the Revised Draft Report. Affected agencies, interested parties and the public may continue to provide comments on the Revised Draft Report. LAFCO will hold a public hearing on June 4, 2014 in order to accept further public comment, consider the Revised Draft Report and options for next steps.

LAFCO staff would like to extend their appreciation to the SFD Board and staff member as well as to the CCFD staff for cooperating with LAFCO and its consultant and providing prompt responses to the consultant's request for information.

### **STAFF ANALYSIS**

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Other than the requirement that LAFCO must make findings prior to initiating consolidation proceedings that the consolidation would result in lower or substantially similar public service costs and that it would promote public access and accountability, State law or local LAFCO policies do not provide any specific criteria to determine when a consolidation is appropriate. LAFCO must make its decision on a case by case basis.

Geographically, the SFD is completely surrounded by the larger, regional CCFD, with which it contracts for fire services. Approximately half of the City of Saratoga is within the SFD and the remaining portion is within the boundaries of the CCFD. As a result of the full-service agreement between the two districts, the City of Saratoga is now served by a single provider, the CCFD. It is therefore likely that the average resident of the City would not know or experience a difference in fire protection service as a result of being within or outside the SFD. However, despite the "functional consolidation" of the two districts, the SFD remains an independent special district with its elected board of directors; has expressed strong opposition to potential dissolution and consolidation with the CCFD; and functions as an "intermediary" between City residents (within the SFD) and the CCFD, their actual service provider.

Consolidation of SFD with CCFD would improve transparency by eliminating confusion as to which agency provides fire service to the City of Saratoga residents. It would also clarify lines of communication, and facilitate direct communication between Saratoga residents and the service provider. Similar to the remaining City residents, the residents

of the SFD, following consolidation, could obtain fire service information at city council meetings from specific reports prepared by the CCFD.

It appears that the major concerns with dissolution of the SFD relate to loss of local control over service levels and local revenues, and the loss of local community's access to decision makers. These are important considerations for the SFD constituents; however, the Special Study Report describes a current lack of public interest as indicated by a lack of contested elections since 2001 and a lack of public oral comments (participation) at the SFD meetings. The SFD has countered that this simply reflects a constituency that is satisfied with the current representation and services provided by the SFD. Further, the SFD indicates that as members of the local community, the SFD Board is more accessible to its constituents.

The Special Study Report notes some current SFD practices that are contrary to promoting public accountability and transparency such as the absence of a job description and pay scale for the SFD's employee; and absence of a rate schedule and contract for EWAS services.

Regarding control over local service levels, in reality, the service levels within the SFD are established by agreement with CCFD. Although the contract can be amended before it expires on July 1, 2018, given the limitation of the SFD revenues and the regional nature of the CCFD service, it is unlikely that any significant changes in service levels / response times specific to the SFD will be requested or can be accommodated. CCFD has indicated that the Saratoga Fire Station currently is and will remain integral to their regional fire service model, regardless of consolidation. At this time, the SFD does not provide any other service besides the management of EWAS which is uniformly administered throughout the City of Saratoga and the SFD.

The Special Study Report indicates that the consolidation would result in potential annual savings ranging from \$82,600 to \$151,800. While these amounts are only a small percentage of the SFD's current annual expenses of over \$5.5 million, over a period of time this could amount to significant savings. It may be possible to utilize these savings to partially pay down the SFD's debt.

LAFCO's 2010 Fire Service Review first indicated and the Special Study Report now confirms that additional, albeit small annual savings, as well as better transparency and accountability could be realized through consolidation of SFD with CCFD.

While consolidation is consistent with LAFCO's goals for promoting efficient service delivery and good governance, the SFD is opposed to the consolidation, has threatened litigation should LAFCO proceed, and claims that the district residents support the continuance of the SFD and would benefit from the local control/representation provided by the SFD Board. The CCFD staff has indicated that the district is able to assume the responsibilities of the SFD and will request consideration by their Board if LAFCO intends to proceed with consolidation efforts.

## ENVIRONMENTAL ANALYSIS

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The Saratoga Fire Protection District Special Study Report is intended to provide information on whether or not the necessary findings could be made to allow LAFCO to initiate a reorganization of the SFD. The report is not a “project” for purposes of the California Environmental Quality Act (CEQA) under §15061(b)(3) [General Rule] because it does not propose any actions, and is also exempt from the requirements of CEQA under §15306, Class 6.

*Section 15061(b)(3) states that the activity is covered by the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*

*Section 15036, Class 6, consists of basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. According to the CEQA Guidelines, these may be strictly for information gathering purposes, or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded.*

The staff report which accompanies the Special Study Report presents the following potential options for the Commission’s consideration: Option 1: Declare intent to not initiate any changes in the governance of SFD; OR Option 2: Declare intent to initiate consolidation of SFD with CCFD; and direct staff to seek concurrence from the CCFD, and prepare appropriate terms and conditions.

Option 1 consists of a decision to maintain the status quo and so, itself, is not a project subject to CEQA.

Option 2 is to initiate consolidation of SFD with CCFD. As an effect of the consolidation, CCFD, the consolidated district, will succeed to “all of the powers, rights, duties, obligations, functions and properties” of the SFD which has been joined into the CCFD. Option 2 is not a “project” for purposes of CEQA pursuant to §15378(b)(5) and also under §15061(b)(3) [General Rule] because it would result only in a reorganization of the two fire districts and would not modify or expand services or service area, and so it would not result in a direct or reasonably foreseeable indirect environmental impact. Further, as a reorganization of a governmental agency, even if it were a project, Option 2 would also be exempt from the requirements of CEQA under §15320, Class 20.

*Section 15378(b)(5) states a project does not include organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.*

*Section 15320, Class 20, consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised.*

## **PROCEDURE FOR CONSOLIDATION OF SFD WITH CCFD**

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The Saratoga Fire Protection District Special Study Report concluded that LAFCO can make the required determinations should it decide to initiate a reorganization in order to dissolve SFD and add its territory to the CCFD. After researching the various procedures that LAFCO might use to achieve this result, LAFCO staff and Counsel recommend the consolidation process.

Pursuant to GC §56375(a)(2), LAFCO may initiate a consolidation of the SFD with CCFD. As an effect of the consolidation, CCFD, the consolidated district, will succeed to “all of the powers, rights, duties, obligations, functions and properties” of the SFD which has been joined into the CCFD. (GC §57500) As part of these rights and duties, CCFD would become liable for all debts of the SFD, the predecessor agency (GC §57502); and the combined territory and residents / voters within the territory are subject to the jurisdiction of CCFD, the consolidated district. Following consolidation, the boundaries of the CCFD will expand to include SFD’s territory; there will be no change in the governance structure of the CCFD.

If LAFCO initiates the consolidation proposal, LAFCO would be responsible for all processing costs such as staff, legal, and any litigation or election costs.

The following is a summary of key steps necessary in a LAFCO initiated consolidation procedure.

### **1. LAFCO Initiation & Determinations**

LAFCO may only initiate a consolidation of two districts if the proposal is consistent with a conclusion or recommendation in a service review, sphere of influence update or special study and the Commission makes both of the following determinations required in Government Code §56881. [GC §56375(a)(2) & (3)]:

1. Public service costs of the proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service.
2. The proposal promotes public access and accountability for community services needs and financial resources.

The 2010 Countywide Fire Service Review identified this as a viable option for SFD and concluded that such an action could result in annual administrative cost savings in the amount of approximately \$118,000. LAFCO decided that additional analysis is required to verify the data, address issues regarding the district’s assets and liabilities in detail, and confirm that the necessary findings could be made. Subsequently, LAFCO authorized the preparation of the Saratoga Fire Protection District Special Study, which concluded that the above two findings can be made should LAFCO decide to initiate such a reorganization.

## **2. Property Tax Exchange**

For jurisdictional changes that would affect one or more special districts, pursuant to Revenue and Tax Code §99(b)(5), the County Board of Supervisors is required to establish the amount of property tax transfer between the affected special districts. CCFD, the consolidated district, is expected to receive the same portion of the 1% tax allocation as SFD, the predecessor agency, was receiving from the territory; and it is expected that no other agency would be affected by this transfer.

## **3. LAFCO Public Hearing**

LAFCO is required to hold a public hearing and provide appropriate notice on the proposed consolidation proposal. At the hearing, LAFCO may approve, deny or approve with terms and conditions and set a date for holding a protest proceeding.

## **4. Protest Proceeding**

LAFCO is required to hold a protest proceeding and based on the level of written protest received at the protest proceeding, LAFCO may terminate the proposal, order the proposal without election or order the proposal subject to an election. LAFCO must terminate the proposal if written protest has been filed by 50% or more of the voters residing in the territory. (GC §57078)

## **5. Election may be Required**

LAFCO must order the consolidation without an election except when written protest has been submitted by at least 10% of the number of landowners within any subject agency within the affected territory who own at least 10% of the assessed value of land within the territory OR by at least 10% of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory. (GC §57077.2(a) & (b)(4) and GC §57113)

## **NEXT STEPS**

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Should LAFCO decide not to proceed with consolidation efforts at this time, staff recommends that LAFCO encourage the SFD to consider addressing the lack of documentation / records by for example, developing a job description/ pay scale for its part time employee and by establishing documentation for the EWAS program.

Should LAFCO decide to proceed with consolidation efforts, it should direct staff to work with CCFD to confirm support for the consolidation effort from the CCFD's Board of Directors. The Commission should provide direction on potential terms and conditions that it would like to consider imposing on the consolidation proposal.

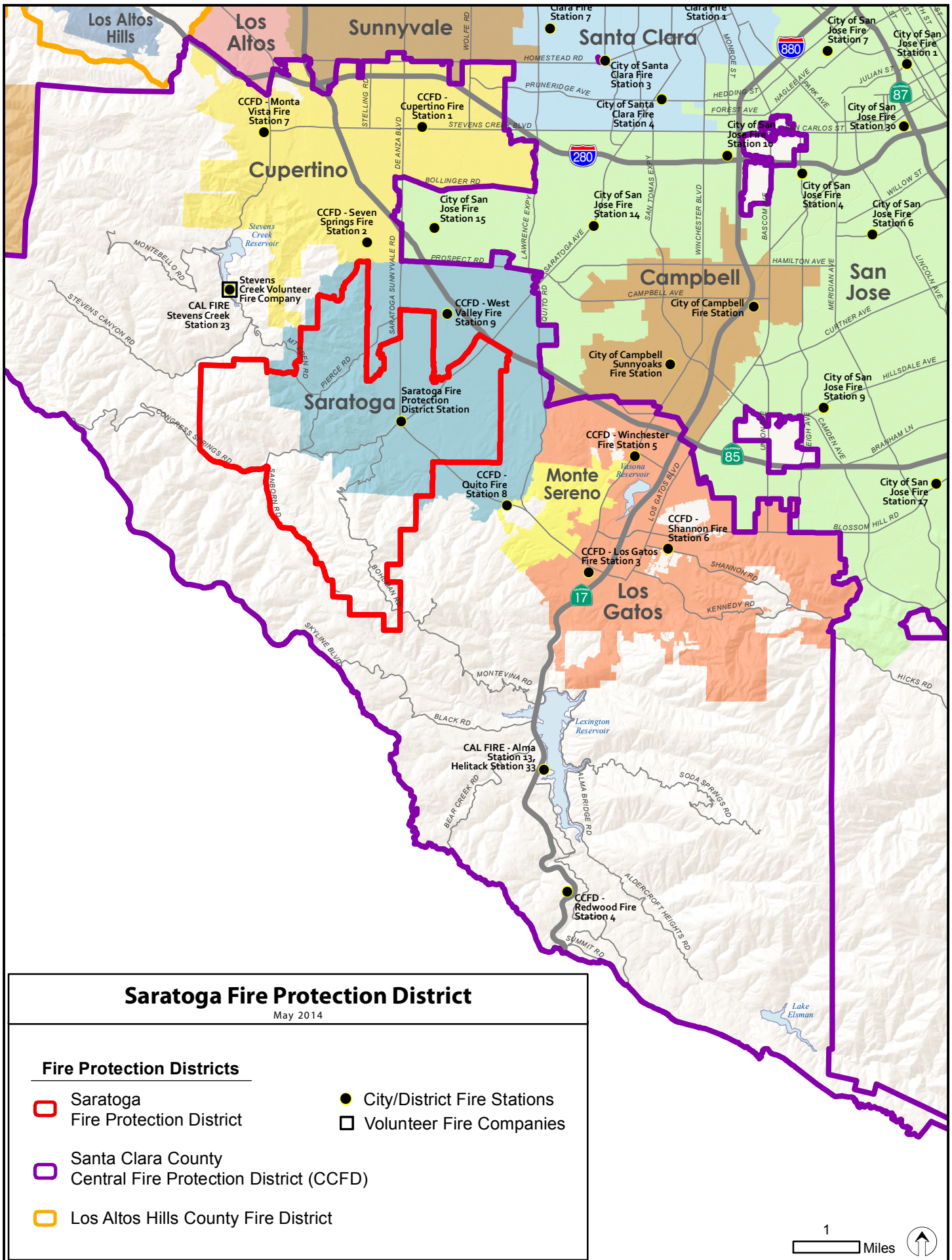


## **ATTACHMENTS**

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- Attachment A: Map Depicting Boundaries of the SFD and the CCFD
- Attachment B: The Saratoga Fire Protection District Special Study Revised Draft Report
- Attachment C: Comment Letters on the Draft Report and EPS' Response to Comments
- Attachment D: Notice of Availability and Public Hearing







## **Draft Report**

# Special Study: Saratoga Fire Protection District

*The Economics of Land Use*



Prepared for:

Santa Clara County LAFCO

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### APPENDIX A:

Fire and Emergency Medical Services Agreement, Saratoga Fire Protection District and Santa Clara County Central Fire Protection District, effective July 1, 2008

First Addendum to Fire and Emergency Medical Services Agreement, Saratoga Fire Protection District and Santa Clara County Central Fire Protection District, effective December 17, 2009

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## 1. INTRODUCTION

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### Purpose of the Study

LAFCO initiated this Special Study in response to service review determinations for the Saratoga Fire Protection District (SFD) contained in the 2010 Countywide Fire Service Review adopted by LAFCO. The service review determination stated that "*Administrative costs could be reduced by dissolving the district and consolidating with CCFD.*"<sup>1</sup> LAFCO directed staff to further research and analyze this governance option, and in December 2011 authorized staff to seek a professional service firm to conduct a special study on whether or not to initiate a reorganization.<sup>2</sup>

Under Government Code (GC) §56375 (a)(2), a commission may initiate proposals for consolidation of a district, dissolution of a district, a merger, establishment of a subsidiary district, formation of a new district or a reorganization that includes any of those changes.

For LAFCO-initiated actions pursuant to GC §56375, GC §56881(b) requires that the commission make both of the following determinations:

- a. Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.
- b. A change or organization or reorganization that is authorized by the commission promotes public access and accountability for community service needs and financial resources.

The purpose of this study is to assist the Commission in evaluating whether or not it can make the required determinations.

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<sup>1</sup> 2010 Countywide Fire Service Review, LAFCO of Santa Clara County, pg. 171.

<sup>2</sup> Request for Proposals for a Special Study, LAFCO of Santa Clara County.



## 2. SARATOGA FIRE DISTRICT

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### Formation and Statutory Authority

The Saratoga Fire Protection District ("SFD") was organized on February 18, 1924.<sup>3</sup> The SFD operates under the provisions of Part 2.7 of Division 12 of the Health and Safety Code.<sup>4</sup>

### Boundaries

**Figure 1** shows the current boundaries of the District, which encompass approximately 7,775 acres and a population of 13,067 including 8,319 registered voters,<sup>5</sup> and serves a portion of the City of Saratoga and unincorporated areas outside of the City of Saratoga as shown in **TABLE 1**. The SFD is completely surrounded by the Santa Clara County Central Fire District ("CCFD") service area, whose boundary includes the remaining portion of the City of Saratoga and other nearby cities (Monte Sereno, Los Gatos, and Cupertino) and all unincorporated lands in the Santa Cruz Mountains up to the County border. In addition, CCFD also provides service by contract to the cities of Campbell and Los Altos, and to the Los Altos Hills County Fire District.

Following reorganization, the SFD service area would be added to the CCFD service area to provide one continuous service boundary.

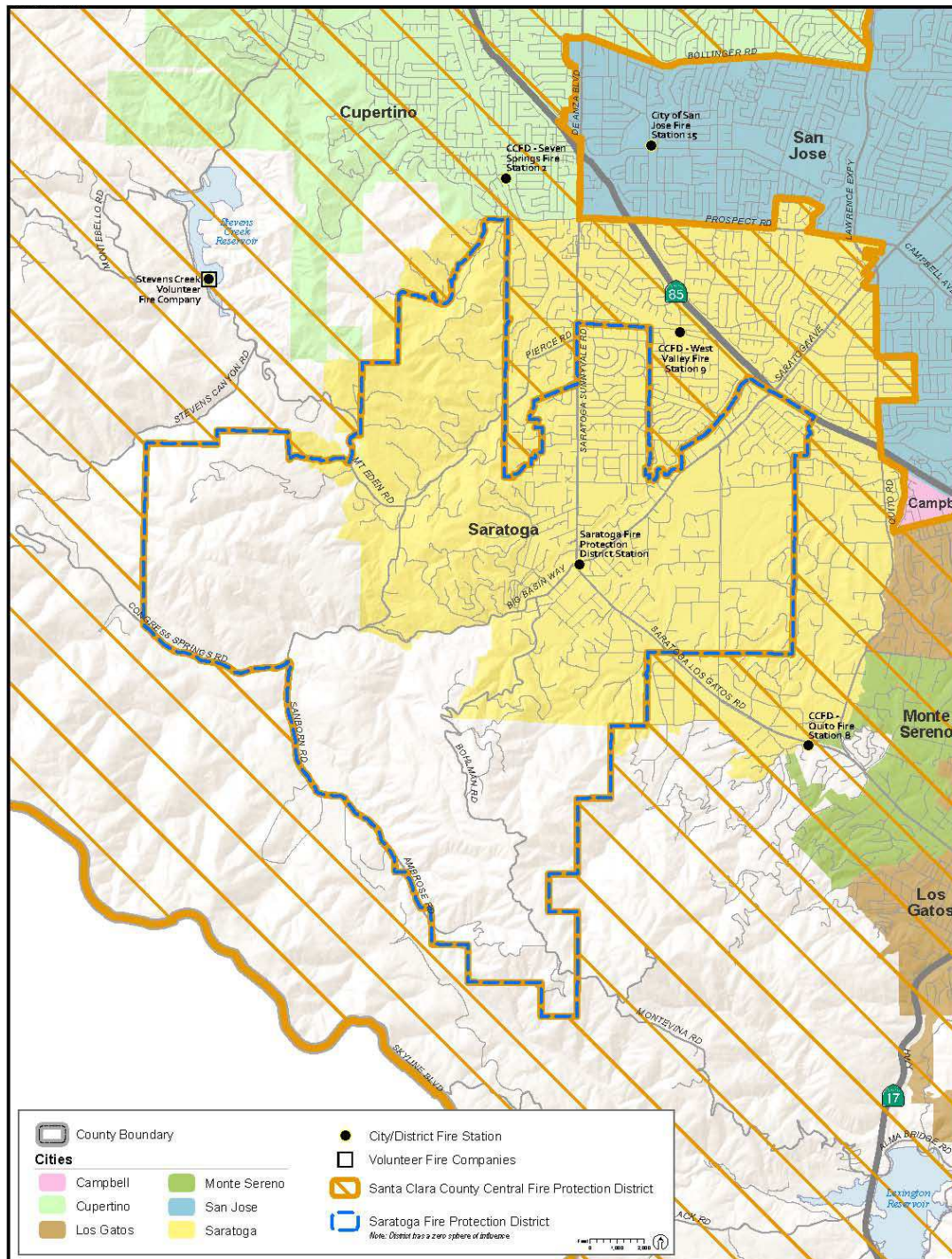
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<sup>3</sup> Saratoga Fire Protection District Audit Report, Year Ended June 30, 2013, Vargas and Company

<sup>4</sup> Part 2.7 is the Fire Protection District Law of 1987.

<sup>5</sup> County of Santa Clara Registrar of Voters, UDEL-6 - 0 Saratoga Fire Protection District, 11/1/13.

**Figure 1 District Boundaries—SFD Special Study**



**Table 1 SFD Assessed Value, Housing Units and Population by Jurisdiction**

Item	City of Saratoga	Unincorporated	TOTAL
<b>Saratoga Fire District</b>			
Assessed Value	\$5.485 bill.	\$0.161 bill.	\$5.646 bill.
Acres	4,286	3,489	7,775
Housing Units	4,849	113	4,962
Population	12,788	279	13,067
<b>CCFD</b>			
Assessed Value	\$6.026 bill.	na	\$36.227 bill.
Acres	3,681	na	78,495
Housing Units	6,288	na	55,936
Population	17,188	na	149,866

Source: Santa Clara Cnty Planning Dept. (2010 census, 2013 assessor data)

2/17/14

## Services Provided

The SFD provided fire protection services through its own staff until 2006 when it contracted with Santa Clara County Central Fire Protection District (CCFD). A copy of the 2008 agreement and the 2009 amendment ("Agreement"), which superseded a prior management agreement dated July 1, 2005, is included in **APPENDIX A**.<sup>6</sup> At that time, SFD shifted employees to the CCFD, along with its pension liability totaling \$5,478,798 and OPEB liability of \$9,869,100.<sup>7</sup> Consequently, SFD has no pension liabilities.

The CCFD operates the SFD-owned fire station at 14380 Saratoga Avenue in the City of Saratoga with two daily-staffed apparatus, Engine 17 and Rescue 17. The station handled 1,256 incidents in calendar year 2012.<sup>8</sup> **TABLE 2** summarizes incidents by category.

<sup>6</sup> Fire and Emergency Medical Services Agreement, Saratoga Fire Protection District and Santa Clara County Central Fire Protection District, effective July 1, 2008. The 2008 agreement superseded a prior management agreement dated July 1, 2005.

<sup>7</sup> CCFD, December 9, 2013, response to data request from EPS. The CCFD has since established an irrevocable trust for the OPEB, reducing the liability to about \$4-\$5 million.

<sup>8</sup> Fire Report for Calendar Year 2012, Santa Clara County Fire Department

**Table 2 Saratoga FPD Incident Report (2012)**

Incident Type	TOTAL	%
Fire	16	1.3%
Overpressure Rupture, Explosion, Overheat (no fire)	3	0.2%
Rescue & Emergency Medical Service Incident	739	58.8%
Hazardous Condition (no fire)	42	3.3%
Service Call	89	7.1%
Good Intent Call	170	13.5%
False Alarm & False Call	196	15.6%
Special Incident Type	1	0.1%
<b>Total</b>	<b>1,256</b>	<b>100.0%</b>

*Source: Santa Clara County Fire Department*

In addition to fire suppression services and fire cause investigation, the CCFD also provides dispatch communication and fire marshal services to the District. The CCFD boundaries completely surround the SFD boundaries, and include the remaining areas of the City of Saratoga. The CCFD owns and operates one other station in Saratoga as well as other stations in adjoining communities.

The CCFD is a dependent Fire Protection District governed by the Santa Clara County Board of Supervisors. The district provides fire protection and emergency service to a district population of approximately 149,866 within 123 square miles.<sup>9</sup>

Following the transfer of fire protection services to the CCFD, the SFD has continued to review activity reports provided by CCFD, produce a budget, negotiate the contract and method of payment with the CCFD, manage debt (including refinancings) for fire station improvements, and handle maintenance of the fire station. All operational implementation of SFD policies regarding the provision of fire protection (except EWAS, described below) is handled by the CCFD,

<sup>9</sup> Santa Clara County Planning Dept. based on 2010 census, per correspondence from Dunia Noel, Santa Clara LAFCO, 10/17/13.

pursuant to terms established in the Agreement between the SFD and CCFD.<sup>10</sup> The amount paid by SFD to CCFD for fire protection is established by the Agreement as equal to 90 percent of property tax revenues received by SFD.

The Agreement requires that the CCFD staff the SFD station with "at least two three-person companies, on a twenty-four hour, seven day a week schedule".<sup>11</sup> The CCFD currently staffs the station with one three-person company and one four-person company; however, unless the current FEMA grant which funds the fourth firefighter position is renewed, the level will revert to two three-person companies late in 2015.<sup>12</sup> The Agreement also specifies that the SFD station shall be a "core" station, and shall be staffed similarly to other CCFD core stations. According to the CCFD, there is no standard staffing model for core stations, and staffing levels for core stations vary.<sup>13</sup> Core stations are strategically important to meeting response time goals, and are always staffed; engines may be moved to core stations during periods of high activity in order to maintain response times within areas where calls are most likely to occur.<sup>14</sup>

Post-reorganization, the CCFD intends to continue to staff at least two three-person companies at the SFD station because those companies are critical to meeting response time goals, and the second company provides a necessary concentration of resources necessary to respond to events requiring more than a single unit in the larger general area.<sup>15</sup> The CCFD would continue to provide the same level of services as currently provided, funded by the SFD property taxes transferred from the SFD to the CCFD.

Currently a portion of SFD property taxes is allocated to the State's Education Revenue Augmentation Fund (ERAF). ~~It is likely that upon~~ Upon transfer of SFD property tax to CCFD, the ERAF portion will continue to be allocated to ERAF, based upon opinions rendered by the State Controller's Office in a similar situation involving the proposed annexation of Morgan Hill to CCFD in 2009. Recently, the County Controller-Treasurer's Office contacted the State Controller's Office, and confirmed to LAFCO staff that the Controller-Treasurer's Office "will take the necessary procedures to ensure that ERAF will not be affected by this proposed change".<sup>16</sup> Even if the ERAF revenues were not retained by the State, the costs of fire protection would be unaffected by the amount of property tax revenues transferred to the CCFD.

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<sup>10</sup> Fire and Emergency Medical Services Agreement, Saratoga Fire Protection District and Santa Clara County Central Fire Protection District, effective July 1, 2008. The 2008 agreement superseded a prior management agreement dated July 1, 2005 (see Appendix A).

<sup>11</sup> Fire and Emergency Medical Services Agreement, effective July 1, 2008, Section 2.01 B (see Appendix A).

<sup>12</sup> Email from Don Jarvis, CCFD, to Richard Berkson, EPS, January 14, 2014.

<sup>13</sup> Email from Don Jarvis, CCFD, to Richard Berkson, EPS, January 14, 2014.

<sup>14</sup> Email from Don Jarvis, CCFD, to Richard Berkson, EPS, January 14, 2014.

<sup>15</sup> Email from Don Jarvis, CCFD, to Richard Berkson, EPS, January 14, 2014.

<sup>16</sup> Email from Irene Lui, County of Santa Clara Controller-Treasurer, May 8, 2014.



## Early Warning Alarm System (EWAS)

The SFD manages the EWAS. The system provides early detection of fires and immediately alerts a monitoring service which automatically notifies the CCFD fire dispatch system. The EWAS is mandated by a City of Saratoga ordinance<sup>17</sup> adopted in 1984 requiring a fire detection system in newly constructed homes over 5,000 square feet, remodeled homes expanded over 50 percent of the original square footage, any new construction in the Hazardous Hillside Area, new commercial construction, and certain other land uses. Installed EWAS units must comply with standards and requirements established by the SFD. No agreement exists between the City of Saratoga and the SFD regarding terms of the arrangement whereby SFD provides EWAS services to City residents, including residents who reside outside of the SFD boundaries.

When the SFD began contracting for fire services with the CCFD in 2006, the monitoring responsibilities were contracted out to a privately-owned monitoring service. The EWAS units are tested daily by California Security Alarms Inc. (CSAI), and a monthly report is provided to the SFD of any detected malfunctions. CSAI is also required under their contract to immediately attempt to contact the EWAS owner to alert them of the problem. Alarms are transmitted from the EWAS unit to CSAI, and from CSAI to the County dispatch.

Management and operation of the EWAS is budgeted to spend \$168,300 for operations in FY 2013-14, including a share of office overhead and employee costs, and payments to a monitoring service. Currently EWAS revenues cover EWAS costs and allocations to EWAS of SFD staff and overhead costs.

The SFD pays for the monitoring of the EWAS alarm units, which was budgeted at \$50,000 for FY 2013-14, handles all billing and service records, and facilitates identification of service problems and their repair. In addition, it pays for some service calls and system repairs, although it is not required to do so. For example, in FY 2012-13, the SFD paid for re-programming older units when a new area code overlay was implemented in the area. The SFD anticipates that "...as the systems continue to age, the cost of service will increase".<sup>18</sup> The SFD "will be considering alternative alarm equipment and methods of monitoring the system"<sup>19</sup>; this potentially could reduce EWAS costs; however, the potential savings are not known at this time.

Reorganization assumes that EWAS services would continue to be required by the City of Saratoga; however, responsibility for monitoring, billing and administration would be shifted from the SFD to the CCFD. The CCFD may choose to provide EWAS services in the same manner as currently provided by SFD. It is likely that CCFD could handle EWAS functions utilizing a 20-

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<sup>17</sup> City of Saratoga Code of Ordinances, Chapter 16 Building Regulation, Article 16-60 – Early Warning Fire Alarm System.

<sup>18</sup> SFD, September 10, 2013, response to data request from EPS.

<sup>19</sup> Letter from Harold S. Toppel to Santa Clara County LAFCO, 3/20/2014.

hour/week Office Assistant II position at a cost of \$60,000/year for 50% of a full-time equivalent position including employer-paid taxes and benefits.<sup>20</sup>

Alternatively, the CCFD may explore outsourcing elements of the service, e.g., billing, to a private service provider (in addition to the current SFD outsourcing of monitoring to a private provider) as a means to reduce costs.

## Facilities and Equipment

The SFD contracts with the CCFD to staff the SFD-owned station. All equipment, with the exception of Engine 30 used by volunteer firefighters, and the 1928 Model AA fire engine, is owned by the CCFD. It is assumed that all SFD facilities and equipment would transfer to CCFD upon reorganization.

### **Building Repairs and Maintenance**

The SFD is responsible for painting and carpeting the SFD headquarters, and for maintaining the roof in good repair. The SFD is also responsible for the repair of any item where the repair cost exceeds \$5,000 and exceeds 50 percent of the replacement cost for the item. While the CCFD is required to maintain the property in good condition and repair, the SFD is responsible for any costs that exceed \$25,000 in a fiscal year.

## Governance and Other Activities

The SFD is governed by a three-member Board of Fire Commissioners, elected by residents of the SFD to a four-year term. The three Board commissioners receive dental and vision benefits totaling approximately \$7,000<sup>21</sup> annually. The last contested election for one of the current commissioners was in 2001;<sup>22</sup> ); one of the other two commissioners was elected in 2005, and the third was appointed to fill a 2006 vacancy then confirmed by election in 2008.<sup>23</sup>

The SFD Board meets monthly to manage the affairs of the District. Activities of the SFD, as reported in minutes of the SFD, include:

- **Approval of minutes.**
- **Receipt and review of oral communications and comments** – From July 2010 through August 20, 2013, only two oral communications were received from the public; one was related to a financial award to the Boy Scout Explorer Troop affiliated with the SFD, and one was a financial award to be applied towards the restoration of the Model AA fire engine that the SFD was restoring.

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<sup>20</sup> Email from CCFD, 1/29/14. Note: if the position is filled by a part-time employee the benefit costs could be less, and the cost to CCFD would be less than \$60,000/year.

<sup>21</sup> Trina Whitley, 11/25/13. The FY13-14 budget estimates an increase to \$7,500.

<sup>22</sup> SFD Workshop, 9/24/13

<sup>23</sup> Email from Trina Whitley, SFD, to EPS 2/11/14.

- **Preparation, review and approval of operating and capital budget and other financial and policy documents** – Topics include review of expenditures for station improvements, equipment disposition, insurance, security issues, etc.
- **Chief's Reports** – The Fire Chief's reports include response reports (incident statistics), support services report (documents repairs or maintenance necessary for the fire station), and Deputy Fire Marshal's reports (any significant building projects in the prior month).
- **Restoration of Model AA fire engine** – This project, according to the SFD, was undertaken "...to preserve an important heritage resource of the District".<sup>24</sup> The project was substantially completed in FY2012-13 at an SFD General Fund expense of \$116,760. The Model AA fire engine was expected to incur additional costs in FY 2013-14 and beyond, including insurance, gold leaf lettering, housing, engine and radiator work;<sup>25</sup> however, recent information from SFD indicates that "the fire engine is now fully restored and there will not be any further restoration costs".<sup>26</sup>
- **Scheduling of Public Use of Facilities** – The SFD handles scheduling of the public's use of its meeting facilities by the public.

## Staff

Currently the only SFD employee is a part-time business manager who works 30 hours per week.<sup>27</sup> It appears that her duties include preparation of agenda, minutes, office operations, budget preparation, response to public inquiries and public records requests, and EWAS functions, but there is no contract or job description. The cost of her salary, \$111,777<sup>28</sup> (approximately \$71/hour<sup>29</sup>), is allocated between the SFD General Fund and the EWAS Fund; the amount of the allocation between the General Fund and EWAS Fund varies year-to-year depending on available revenues and other required expenditures. The SFD does not provide dental, vision, and long-term care benefits, which are paid by the employee. SFD pays the employer's portion of Medicare and social security, which is approximately \$10,000.

The equivalent salary for a 40 hour per week employee, if paid on the same hourly basis of approximately \$71/hour, would equal about \$148,000. The SFD does not provide any pension or other post-employment benefits (OPEB) for the business manager.

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<sup>24</sup> SFD Response to EPS's Follow-up Question 10/9/13.

<sup>25</sup> SFD Minutes, Board of Commissioners meetings, July 16, 2013 and August 20, 2013, although SFD's response to questions states that they won't incur new charges.

<sup>26</sup> Letter from Harold S. Toppel to Santa Clara County LAFCO, 3/20/2014.

<sup>27</sup> SFD Workshop, 9/24/13.

<sup>28</sup> Salary (per Trina Whitley, 11/25/13).

<sup>29</sup> Calculated by EPS based on 52 weeks, 30 hours per week.



The current employee's salary for a 30-hour week budgeted at \$111,777 is equal to a full-time employee paid about \$148,000 annually, although the SFD employee receives no benefits (as noted above, the SFD also pays the employer's portion of Medicare and social security, about \$10,000). This rate appears high; for example, salaries for positions with similar functions at CCFD are approximately \$132,000 annually for a full-time position including employer-paid taxes and benefits.<sup>30</sup>

The SFD budget allocates \$72,000 of its employee costs to EWAS. In the event of reorganization, the CCFD estimates that this position could be filled by the addition of a 20-hour/week Office Assistant II position<sup>31</sup> at a cost of \$60,000/year for 50% of a full-time equivalent position including employer-paid taxes and benefits; other functions of the current SFD employee would be handled by existing CCFD staff. If the position is filled by a part-time employee the benefit costs could be less, and the cost to CCFD would be less than \$60,000/year.

## Public Access and Accountability

### Website

The SFD has a website which was recently revamped to eliminate outdated information and to add previously missing information.

### Accountability for Financial Resources

As noted previously, the SFD reviews and adopts its annual budget at its scheduled and publicly-noticed meetings. An annual audit is conducted and documented by an independent firm. These documents are posted on the SFD website.

Contracts, agreements and ordinances were readily available upon request during the course of the current study. However, certain expected documents do not exist; no agreement exists with the City of Saratoga related to the SFD provision of EWAS services to City areas within and outside the SFD boundaries, no ordinance or resolution exist adopting current EWAS rates, and there is no contract or agreement with SFD's employee. A review of SFD minutes for the period from July 20, 2010 by EPS found no discussion regarding the terms of the SFD employee's employment, payment amount, or required services.

### Accountability for Community Service Needs

Currently, operational implementation of all fire protection and emergency medical services are provided by the CCFD, with the exception of EWAS and the maintenance and financing of the fire station owned by the SFD. The SFD negotiates minimum fire service levels and the formula for repayment to the CCFD.

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<sup>30</sup> Annual cost for CCFD Administrative Support Officer I (including 73 percent of salary for employer-paid taxes and benefits), midpoint of salary range. The ASO II and III positions include supervisory responsibilities.

<sup>31</sup> CCFD, 1/29/14

As noted previously, the fire service contract amount is determined by formula as a percent of SFD property taxes, and operational decisions regarding staffing and allocation of fire protection resources are made by the CCFD, subject to the contract negotiated with the SFD. Ultimately, operational issues regarding fire protection are the responsibility of the CCFD, as long as the CCFD meets the minimum requirements of the Agreement.

The SFD has one part-time staff person to respond to inquiries, and to place items on the SFD agenda for their monthly meeting. Responses to inquiries may require additional time for Board follow-up with CCFD staff. A recorded message on the SFD line also directs the caller to CCFD Headquarters, where the receptionist routes the call to the appropriate person. Currently, if members of the public are aware that the CCFD provides fire protection and emergency medical services, they may inquire directly to the full-time staff of the CCFD if they have questions or issues.

A review of SFD minutes for a three-year period from July 20, 2010 found no public oral comments (other than limited comments by current or former SFD staff) with the exception of two presentations of financial grants.

## Financial Review

**TABLE 3** provides a summary of the SFD budget for FY 2013-14. The following sections describe the history and composition of these items.

**Table 3 Summary of SFD Revenues and Expenditures, FY 2013-14**

Item	General Fund	EWAS	TOTAL
<b>Revenues</b>			
Property Tax	\$5,540,000	\$0	\$5,540,000
EWAS Charges	0	175,000	175,000
Other (interest, rent)	<u>20,200</u>	<u>500</u>	<u>20,700</u>
<b>Subtotal, Revenues</b>	<b>\$5,560,200</b>	<b>\$175,500</b>	<b>\$5,735,700</b>
<b>Expenditures</b>			
Employees (1)	\$60,000 1%	\$72,000 42%	\$132,000 2%
OPEB (retiree health care)	110,500 2%	1,500 1%	112,000 2%
EWAS Monitoring Service	- 0%	50,000 29%	50,000 1%
Tax Collection Fee	67,000 1%	- 0%	67,000 1%
Fire Protection Contract w/CCFD	4,986,000 91%	- 0%	4,986,000 88%
Overhead & Admin	<u>51,000</u> 1%	<u>44,800</u> 26%	<u>95,800</u> 2%
<b>Subtotal, Operations</b>	<b>\$5,274,500</b> 96%	<b>\$168,300</b> 97%	<b>\$5,442,800</b> 96%
Capital Improvements	\$40,000 1%	\$0 0%	\$40,000 1%
Debt Service	163,341 3%	5,052 3%	\$168,393 3%
<b>Total Expenditures</b>	<b>\$5,477,841</b> 100%	<b>\$173,352</b> 100%	<b>\$5,651,193</b> 100%
<b>Net</b>	<b>\$82,359</b>	<b>\$2,148</b>	<b>\$84,507</b>

(1) Office manager salary (30 hours/week) and employer's share of social security and medicare (approx. \$10,000), plus commissioners' benefits (approx. \$7,500). 2/17/14

Source: Saratoga Fire District Budget

## Revenues

**TABLE 4** shows annual revenues to the SFD, consisting primarily of property taxes and charges for EWAS services.

**Table 4 Summary of SFD Revenues**

Year	General Fund Operations			EWAS		
	Property Tax	Other Revenues	TOTAL	Charges for Services	Other Revenues	TOTAL
<b>2008-09</b>	\$5,114,780	\$233,349	\$5,348,129	\$184,440	\$304	\$184,744
<b>2009-10</b>	4,744,737	51,260	4,795,997	172,280	104	172,384
<b>2010-11</b>	4,997,507	54,290	5,051,797	178,785	110	178,895
<b>2011-12</b>	5,136,185	41,393	5,177,578	180,575	53	180,628
<b>2012-13</b>	5,845,317	69,262	5,914,579	175,935	34	175,969
<b>2013-14</b>	5,540,000	20,200	5,560,200	175,000	500	175,500

Source: Saratoga Fire District Audit Reports through 2012-13; 2013-14 from budget.

2/16/14

### Property Taxes

As shown in **TABLE 4**, property tax represents nearly all of SFD General Fund revenues. Revenues over the past six years reflect recessionary impacts in FY 2009-10, and subsequent growth. The SFD received a payment from the State in FY 2012-13 of \$410,551 as repayment for the State's borrowing in prior years. Recent growth in property taxes is the result of improving real estate values and increased sales activity, which triggers an upward re-assessment of property value.

Upon reorganization, these property tax revenues would accrue to the CCFD to fund fire protection services and other costs transferred from the SFD.

#### General Fund Property Tax

Property tax revenues provide over 99 percent of the SFD's General Fund revenues. The SFD anticipates \$5.5 million of property taxes in FY 2013-14. As assessed values in the SFD change, approximately 11 percent of the increase (or decrease) in property taxes accrue to the SFD. After deductions for ERAF<sup>32</sup>, the net amount is about 10 percent.

#### Debt Service Property Tax

Debt service property tax revenues are tracked in a separate Debt Service Fund. In 2000, property owners within the SFD approved issuance of General Obligation bonds to fund fire

<sup>32</sup> Educational Revenue Augmentation Fund (ERAF), which is a State account that funds schools.

station improvements. An ad valorem property tax rate is charged on assessed value to repay the bonds; this rate is in addition to the Prop. 13 mandated one percent of assessed value.

The tax rate needed to repay the debt varies annually depending on the total assessed value over which the debt service obligation can be distributed. In FY 2013-14, a rate of .007 was applied to assessed value in the SFD.<sup>33</sup> This is equivalent to an additional 7/10 of 1 cent added to each property tax dollar paid by taxpayers in the District.

### **EWAS Charges for Services**

The SFD bills EWAS customers the following amounts:

- Residential: \$60 quarterly (\$20/month)
- Commercial: \$75 quarterly (\$25/month)

According to the SFD, the rates have not changed since EWAS was implemented in 1984.<sup>34</sup>

### **Other Revenues**

The SFD received other revenues, including \$13,200 for ambulance space rental. In addition, interest earnings accrue from cash and investments.

## **Expenditures**

**TABLE 5** summarizes SFD expenditures over a six-year period. The table shows operating expenditures, and does not include debt service. Total employee costs include office manager salary (\$112,000) and taxes (\$10,000), and Commissioner benefits (\$10,000 including dental).

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<sup>33</sup> County of Santa Clara General Obligation Bonds Debt Service Requirements, Tax Year 2013/2014, approved by Trina Whitely 8/5/13.

<sup>34</sup> No rate resolution was available, according to the SFD (SFD Workshop, 9/24/13).

**Table 5 Summary of SFD Expenditures**

Year	General Fund Operations					EWAS		
	Employees (1)	Retiree Medical	County Fire Services	Other Operating	TOTAL	Employees	Services/Supplies	TOTAL
2008-09	\$146,780	\$40,000	\$4,484,700	\$97,750	<b>\$4,769,230</b>	\$154,920	\$15,050	<b>\$169,970</b>
2009-10	101,342	42,000	4,352,781	82,650	<b>4,578,773</b>	100,000	70,350	<b>170,350</b>
2010-11	70,000	63,000	4,683,600	48,600	<b>4,865,200</b>	89,000	86,000	<b>175,000</b>
2011-12	52,000	101,000	4,429,800	53,600	<b>4,636,400</b>	94,000	79,500	<b>173,500</b>
2012-13	42,000	106,000	4,765,500	138,300	<b>5,051,800</b>	94,000	80,000	<b>174,000</b>
2013-14	60,000	110,500	4,986,000	118,000	<b>5,274,500</b>	72,000	94,800	<b>166,800</b>

(1) Salary and benefits, plus commissioners' benefits.

1/30/14

Source: Saratoga Fire District Budgets

**TABLE 6** illustrates the potential transfer of costs from SFD to CCFD as a result of reorganization. The exact magnitude of cost shifts depends on specific reorganization details, for example, whether the CCFD would need to retain certain office equipment and related maintenance costs. Both the "High" and the "Low" estimates assume that existing office manager and Board services would be handled by existing CCFD staff with no transferred costs<sup>35</sup>. The "High" range assumes that the CCFD will need to continue to maintain office equipment and phones at the SFD fire station, as well as a range of other overhead functions as shown.

EWAS cost transfers are estimated in **TABLE 7**; staff costs to CCFD are estimated at \$60,000,<sup>36</sup> a savings of \$12,000 compared to the \$72,000 cost allocated by SFD to EWAS. This cost assumes a CCFD 20-hour/week Office Assistant II position<sup>37</sup> at a cost of \$60,000/year for 50% of a full-time equivalent position including employer-paid taxes and benefits. If the position is filled by a part-time employee the benefit costs could be less, and the cost to CCFD would be less than \$60,000/year.

As noted above, the range of savings could depend on the extent to which the CCFD has a continuing need for a range of equipment and other overhead expenses associated with operation of the fire station. To the extent that actual FY2013-14 expenditures differ from the budget estimates, the cost transfers shown below will also change accordingly.

<sup>35</sup> CCFD, 1/29/14

<sup>36</sup> Assumes a CCFD 20-hour/week Office Assistant II position (per CCFD, 1/29/14), at a cost of \$60,000/year for 50% of a full-time equivalent position including employer-paid taxes and benefits. If the position is filled by a part-time employee the benefit costs could be less, and the cost to CCFD would be less than \$60,000/year.

<sup>37</sup> CCFD, 1/29/14

**Table 6 Potential General Fund Service & Cost Transfers from SFD to CCFD**

Item	2013-14 SFD Budget	Potential Range of Cost Transfers	
		Low	High
<b>Employee Related</b>			
Employees	\$60,000	\$0	\$0
Benefits (OPEB)	<u>110,500</u>	<u>110,500</u>	<u>110,500</u>
Subtotal	\$170,500	\$110,500	\$110,500
<b>Services/Supplies</b>			
Tax Collection Fee	\$67,000	\$67,000	\$67,000
Telephone	7,000	0	7,000
Insurance	8,000	0	8,000
Office Expense	3,000	0	3,000
Prof/Special Services	15,000	0	15,000
Fire Protection Services	4,986,000	4,986,000	4,986,000
Rents/Leases	500	0	500
Dues/Licenses	10,000	0	0
Printing & Reproduction	3,000	0	3,000
Advertising/Promotion	600	0	0
Supplies-Household	200	0	200
Office Machine Maintenance	2,000	0	2,000
Software	1,500	0	1,500
Postage	<u>200</u>	<u>0</u>	<u>200</u>
Subtotal	\$5,104,000	\$5,053,000	\$5,093,400
Total Operating Expenses	\$5,274,500	\$5,163,500	\$5,203,900
Capital Improvements	\$40,000	\$40,000	\$40,000
Loan Principal and Interest	\$163,341	\$163,341	\$163,341
<b>TOTAL</b>	<b>\$5,477,841</b>	<b>\$5,366,841</b>	<b>\$5,407,241</b>
vs. SFD Budget		(\$111,000)	(\$70,600)

Source: Saratoga Fire District budget 2013-14; EPS

3/26/14

**Table 7 Potential EWAS Service & Cost Transfers from SFD to CCFD**

Item	2013-14 SFD Budget	Potential Range of Cost Transfers	
		Low	High
<b>Employee Related</b>			
Employees	\$72,000	\$60,000	\$60,000
Benefits (OPEB)	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Subtotal	\$73,500	\$61,500	\$61,500
<b>Services/Supplies</b>			
Monitoring Service	\$50,000	\$50,000	\$50,000
Tax Collection Fee	0	0	0
Telephone	8,000	8,000	8,000
Insurance	1,000	0	1,000
Office Expense	1,000	0	1,000
Prof/Special Services	20,000	0	20,000
Fire Protection Services	0	0	0
Rents/Leases	1,000	0	1,000
Dues/Licenses	0	0	0
Printing & Reproduction	2,000	0	2,000
Advertising/Promotion	0	0	0
Supplies-Household	0	0	0
Office Machine Maintenance	2,000	0	2,000
Software	1,800	0	1,800
Postage	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
Subtotal	\$94,800	\$66,000	\$94,800
Total Operating Expenses	\$168,300	\$127,500	\$156,300
Capital Improvements	\$0	\$0	\$0
Loan Principal and Interest	\$5,052	\$5,052	\$5,052
<b>TOTAL</b>	\$173,352	\$132,552	\$161,352
vs. SFD Budget		(\$40,800)	(\$12,000)

Source: Saratoga Fire District budget 2013-14; EPS

3/26/14

The following sections describe SFD services and costs in greater detail.

### Fire Protection Services

Beginning in FY 2008-09, the SFD and CCFD entered into an Agreement whereby the CCFD would provide fire and emergency services to SFD. The Agreement provides for payment equal to 90 percent of property taxes apportioned to SFD. The FY 2013-14 SFD budget projects a



payment of \$4,986,000. This contract represents approximately 95 percent of the SFD's General Fund budget.

The CCFD indicated that the payments approximately cover the cost of providing services to the SFD, with the exception of PERS obligations that the CCFD acquired from the SFD.<sup>38</sup> When CCFD contracted to provide services in FY 2008-09, SFD firefighters transferred to CCFD. The SFD firefighters benefitted from a better CCFD pension plan. However, the CCFD took on responsibility for an additional annual cost to fund those increased benefits; those costs are not covered by the current payment from SFD to CCFD, and must be paid from other CCFD revenues.<sup>39</sup> Consequently, the SFD does not have any pension liabilities that would transfer to the CCFD in the event of a reorganization.

## **EWAS**

### **EWAS Monitoring**

SFD contracted with CSAI beginning in 2002 for monitoring services. Before the contract, EWAS alerts were sent from alarm units directly to the SFD fire station. The monitoring service automatically tests the systems and provides information monthly to SFD about any apparent failures. When an alarm is received by the monitoring service, it is sent to the County dispatch. The SFD pays for the monitoring service, budgeting \$50,000 in FY 2013-14.

### **EWAS Repair**

While the SFD does not pay for regular maintenance, it does pay for some service calls and system repairs. For example, costs were incurred by the implementation of the "408" area code overlay, which required re-programming of 250 systems. SFD staff time for EWAS services is required to coordinate service calls with the homeowner, review signals at the monitoring station to identify problems, contact a service appointment and approve charges, and follow-up to assure the repair has been made. The SFD anticipates that "... as the systems continue to age, the cost of service will increase."<sup>40</sup>

### **EWAS Billing**

The SFD handles all billing related to the EWAS systems and maintains billing/service records. There are approximately 950 EWAS accounts<sup>41</sup>; however, not all of those accounts are currently active.<sup>42</sup>

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<sup>38</sup> EPS meeting with CCFD, 9/24/13.

<sup>39</sup> EPS meeting with CCFD, 9/24/13.

<sup>40</sup> Response to Information Request, Saratoga Fire District, September 10, 2013

<sup>41</sup> Response to Information Request, Saratoga Fire District, September 10, 2013

<sup>42</sup> The SFD indicated that the number of accounts is probably high because old account numbers, which have been replaced, are not deleted from the system. The Audit Report, Year Ended June 30, 2012, indicated approximately 750 alarm account on-line (pg. 23.). The lower number is generally consistent with budget revenue from EWAS charges.

## OPEB

The SFD offers continuing medical, dental, vision and long-term care coverage after retirement, but is only responsible for the cost of the medical coverage. Currently SFD is paying for nine retirees currently receiving benefits in the SFD's healthcare plan.<sup>43</sup> The Board does not receive any benefits after they leave office.<sup>44</sup>

The SFD is under a "pay-as-you-go" funding policy as it has not established an irrevocable OPEB trust. In FY 2012-13 SFD contributed \$92,639 which equaled the cost of the medical coverage premiums. The calculated annual required contribution was \$114,906 as of June 30, 2013, and the actuarial accrued liability was \$1,951,427.<sup>45</sup>

## Pension Liability

Currently, SFD has no pension liability. The SFD provided fire protection services through its own staff until it 2006 when it contracted with CCFD. At that time, SFD shifted employees to the CCFD, along with its pension liability totaling \$5,478,798 and OPEB liability of \$9,869,100.<sup>46</sup>

## Assets

### Cash, Investments and Other Assets

As of June 30, 2013, governmental fund assets (excluding EWAS) totaled \$3,275,318<sup>47</sup> as summarized in **TABLE 8**. Cash and investments comprise about 96 percent of those assets, and the balance includes funds due from the County (interest), due from other SFD funds, and prepaid expenses and deposits. Ending fund balances net of \$863,873 in liabilities equaled \$2,411,445. Of these fund balances, \$1,851,769 was unassigned and available to meet the SFD's needs; the balance consisted of funds reserved for debt service and for facility repair and maintenance. These funds would be transferred to CCFD upon reorganization.

Included in total assets are \$176,640 of "special revenue" funds, which are intended for equipment maintenance and reserves.<sup>48</sup>

EWAS unrestricted funds totaled \$77,174 after deducting accounts payable, and moneys due to other funds.<sup>49</sup>

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<sup>43</sup> Audit Report Year Ended June 30, 2013, pg. 36

<sup>44</sup> Trina Whitley, 11/25/13.

<sup>45</sup> Saratoga Fire District Actuarial Valuation of the Other Post-Employment Benefit Programs as of June 30, 2013, Bickmore, submitted August 2013.

<sup>46</sup> CCFD, December 9, 2013, response to data request from EPS. The CCFD has since established an irrevocable trust for the OPEB, reducing the liability to about \$4-\$5 million.

<sup>47</sup> Audit Report Year Ended June 30, 2013, pg. 16

<sup>48</sup> SFD Workshop, 9/24/13

**Table 8 Summary of Balance Sheet - Governmental Funds**

Item	General Fund	Debt Service	Special Revenue	Total
<b>Assets</b>				
Cash and Investments	\$2,604,073	\$373,715	\$176,466	\$3,154,254
Due from County funds - interest	1,798	218	174	2,190
Due from other Funds	109,771	-	-	109,771
Prepaid expenses and deposits	9,103	-	-	9,103
Total Assets	\$2,724,745	\$373,933	\$176,640	\$3,275,318
<b>Liabilities</b>	\$863,873	-	-	\$863,873
<b>Fund Balances</b>				
Nonspendable (prepaids)	\$9,103	-	-	\$9,103
Assigned				
Special Revenue Fund	-	-	176,640	176,640
Debt Service Fund	-	373,933	-	373,933
Unassigned				
General Fund	1,851,769	-	-	1,851,769
Total Fund Balances	\$1,860,872	\$373,933	\$176,640	\$2,411,445
<b>Total Liabilities and Fund Balances</b>	\$2,724,745	\$373,933	\$176,640	\$3,275,318

Source: Saratoga Fire District Audit Report, year ended June 30, 2013.

1/06/14

### Capital Assets

The SFD's investment in capital assets for its governmental activities as of June 30, 2013, amounted to \$6,090,559 (net of accumulated depreciation).<sup>50</sup> This investment in capital assets includes land, buildings, vehicles, equipment, and furniture and fixtures.

CCFD owns all of the first-line apparatus and equipment (Engine 17, Engine 317, and Rescue 17) and the reserve engine (Engine 117) housed at the Saratoga Fire Station. SFD owns Engine 30, which is held for use by volunteer firefighters. SFD also owns the restored 1928 Model A fire engine, used for community events and public relations.

<sup>49</sup> Audit Report Year Ended June 30, 2013, pg. 20

<sup>50</sup> Audit Report Year Ended June 30, 2013, pg. 12

It is assumed that all SFD capital assets would transfer to CCFD upon reorganization.

## Liabilities

The General Fund showed liabilities totaling \$863,873.<sup>51</sup> These liabilities, or "Accounts and warrants payable" largely include payments owed to CCFD for services to be paid in the following month. In addition, the SFD has additional long-term debt and OPEB obligations as described in the following sections. SFD has no pension liabilities.

Upon reorganization, the "Accounts and warrants payable" could be retired by the CCFD using net assets transferred from the SFD.

### Long-Term Debt

#### *Bonds Payable*

On September 12, 2000 the SFD issued the Election of 2000 General Obligation Bonds to finance the renovation, construction and acquisition of SFD facilities and property. As of June 30, 2013, the outstanding principal balance amounted to \$4,253,737.<sup>52</sup> The bonds will be paid off by 2031. The annual debt service is paid by an ad valorem property tax rate applied to assessed value in the SFD.

This Special Study assumes that the General Obligation bond payments would not be affected by reorganization, and would continue to be paid from an ad valorem tax on properties within the former SFD boundaries. GC §56886(c)

#### *Mortgage Payable and Lease Refunding*

On September 23, 2004, the SFD issued a promissory note to supplement bond proceeds to complete the fire station improvements. The mortgage was recently refinanced to obtain a better interest rate. The outstanding principal balance as of June 30, 2013, was \$2,097,148 and will be fully retired by 2031. The debt service payments are funded by General Fund revenues.

Upon reorganization, SFD General Fund property tax revenues shifted to the CCFD would be sufficient to continue to pay the mortgage, in addition to fire service costs and OPEB obligations.

### OPEB

As described previously, the SFD offers continuing medical, dental, vision and long-term care coverage after retirement, but is only responsible for the cost of the medical coverage. Currently SFD is paying for 9 retirees currently receiving benefits in the SFD's healthcare plan.<sup>53</sup> The SFD is under a "pay-as-you-go" funding policy as it has not established an irrevocable OPEB trust. In FY 2012-13 SFD contributed \$92,639 which equaled the cost of the medical coverage premiums.

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<sup>51</sup> Audit Report Year Ended June 30, 2013, pg. 16

<sup>52</sup> Audit Report Year Ended June 30, 2013, pg. 34

<sup>53</sup> Audit Report Year Ended June 30, 2012, pg. 37

The calculated annual required contribution was \$114,906 as of June 30, 2013, and the actuarial unfunded accrued liability was calculated to be \$1,951,427.<sup>54</sup>

Upon reorganization with CCFD, SFD General Fund property tax revenues shifted to the CCFD would continue to pay the annual OPEB costs, in addition to the costs for fire protection services, unless CCFD chooses to fund the OPEB obligation, which would reduce future interest costs.

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<sup>54</sup> Saratoga Fire District Actuarial Valuation of the Other Post-Employment Benefit Programs as of June 30, 2013, Bickmore, submitted August 2013.

### 3. FINDINGS

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**a. Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.**

The public service costs resulting from the reorganization of SFD would be less than the costs of existing service, and current levels of service would be retained. The total General Fund and EWAS savings, as described in this report and summarized below, could total \$82,600 to \$151,800 annually. Cost savings could be utilized for the improvement of existing facilities, increases in levels of service, and upgrades/repairs to the EWAS system.

There would be no change in the current provision of fire protection services to the former SFD service area according to the CCFD, because the station's current contractually-required minimum staffing level of at least two three-person companies is critical to meeting response time goals, and the second company provides a necessary concentration of resources necessary to respond to events requiring more than a single unit in the larger general area.<sup>55</sup>

In essence, reorganization creates the opportunity to eliminate redundant costs and take advantage of the economy of scale offered by the CCFD. Following reorganization, approximately \$60,000 of SFD General Fund employee expenses (the SFD Office Manager and commissioners) and \$51,000 in General Fund overhead expenditure could be eliminated as management of fire protection service is shifted entirely to existing staff of the CCFD, for a total potential savings of \$111,000 annually. Existing CCFD staff would be adequate to handle overhead and administrative functions currently performed by SFD, and any overhead created by absorbing the SFPD "...would most likely be transitional and of a very minor nature".<sup>56</sup> Therefore, it is expected that cost savings would result from the elimination of current SFD staff, directors and overhead.

**TABLE 6** summarizes the range of potential transfer of General Fund costs from SFD to CCFD upon reorganization, depending on specific reorganization details, for example, whether the CCFD would need to retain certain office equipment and its related maintenance costs. If the only savings are due to the elimination of the SFD office manager and commissioners, and elimination of a portion of overhead costs, the savings would be a minimum of \$70,600 annually. General Fund cost savings could be greater, up to \$111,000, if SFD overhead costs are entirely eliminated (except OPEB, tax collection fees, debt service, and fire protection services).

In addition, the CCFD is likely to realize EWAS savings to the extent that staff management of the system costs less than the currently budgeted \$72,000 allocation of SFD staff costs, as shown in **TABLE 7**. The savings from the use of a 20-hour per week Office Assistant II for EWAS services is estimated at \$12,000 annually. The total potential EWAS cost savings is estimated to

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<sup>55</sup> Email from Don Jarvis, CCFD, to Richard Berkson, EPS, January 14, 2014.

<sup>56</sup> Draft Responses to Questions, CCFD, 12/9/13.

range from \$12,000 to \$40,800. The range depends on the extent to which existing EWAS overhead costs continue to be required, and potential funding of upgrades to EWAS units.

Over time, certain EWAS responsibilities could be shifted to a private provider. This shift may result in cost savings and service fee reductions, since staff costs required by EWAS will be eliminated. There may be opportunities for the private provider to offer fee reductions to some homeowners who currently may pay for multiple services. A more detailed analysis will be necessary to determine potential savings.

**b. A change of organization or reorganization that is authorized by the commission promotes public access and accountability for community service needs and financial resources.**

Reorganization would promote public access and accountability for community service needs and financial resources in a number of ways:

- The SFD is completely surrounded by the Santa Clara CCFD service area. The CCFD is a much larger jurisdiction, and is the service provider to the SFD through the CCFD's service agreement with the SFD. The CCFD also serves the remainder of the City of Saratoga not covered by the SFD. Reorganization would eliminate redundancy from two fire service agencies serving the same city.
- Reorganization would eliminate an unnecessary additional layer of governance. The SFD effectively functions as an intermediary between a portion of City of Saratoga residents and the CCFD, the actual provider of fire protection services. The SFD does not determine levels of fire protection service other than the minimum levels specified by the agreement between the SFD and the CCFD.
- Reorganization under the CCFD would assure that all contracts, employee salaries and responsibilities, and rates would be subject to public review, discussion and documentation. Currently, the SFD does not have a contract with its office manager nor any discussion or documentation about the office manager's role, responsibilities and appropriate salary range. No resolution exists adopting current EWAS rates.
- While the SFD offers a local public forum for its constituents concerned about fire services, a review of SFD minutes for a three-year period from July 20, 2010, found no public oral comments (other than limited comments by current or former SFD staff) with the exception of two presentations of financial grants.
- SFD commissioners are locally elected, however, there is a lack of contested elections which indicates lack of community concern and involvement in SFD affairs (the last contested election for one of the current commissioners was in 2001); one of the other two commissioners was elected in 2005, and the third was appointed to fill a 2006 vacancy then confirmed by election in 2008.<sup>57</sup>

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<sup>57</sup> Email from Trina Whitley, SFD, to EPS 2/11/14.

- Reorganization would clarify that inquiries be directed to the CCFD, thereby promoting public access. Because the SFD has one part-time employee, inquiries by telephone may not be answered immediately; responses may require re-direction to the CCFD, or addition to the agenda of the next SFD meeting. Issues regarding service provision would need to be addressed by the CCFD, in any case. Currently, if members of the public are aware that the CCFD provides fire protection and emergency medical services to the SFD, they may inquire directly to the full-time staff of the CCFD if they have questions or issues and receive immediate attention and redirection of their inquiry as appropriate.

There would be no change in the current provision of fire protection services to the former SFD service area according to the CCFD, because the station's current contractually-required minimum staffing level of at least two three-person companies is critical to meeting response time goals, and the second company provides a necessary concentration of resources necessary to respond to events requiring more than a single unit in the larger general area.<sup>58</sup>

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<sup>58</sup> Email from Don Jarvis, CCFD, to Richard Berkson, EPS, January 14, 2014.



## APPENDIX A

Fire and Emergency Medical Services Agreement,  
Saratoga Fire Protection District and Santa Clara County Central Fire  
Protection District, effective July 1, 2008

First Addendum to Fire and Emergency Medical Services Agreement,  
Saratoga Fire Protection District and Santa Clara County Central Fire  
Protection District, effective December 17, 2009



**FIRE AND EMERGENCY MEDICAL SERVICES AGREEMENT**

**SARATOGA FIRE PROTECTION DISTRICT  
AND  
SANTA CLARA COUNTY  
CENTRAL FIRE PROTECTION DISTRICT**

THIS AGREEMENT, effective as of 12:00:01 o'clock a.m. on July 1, 2008, is by and between the SARATOGA FIRE PROTECTION DISTRICT, an independent fire district organized and operating pursuant to the Fire Protection District Law of 1987 of the California Health and Safety Code ("SFD"), and the SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT, a fire protection district, organized and operating under the Fire Protection District Law of 1987 of the California Health and Safety Code, ("CFPD").

**BASED ON MUTUAL CONSIDERATION AND PROMISES  
THE PARTIES AGREE AS FOLLOWS:**

**SECTION 1**

**Purpose**

1.01 Purpose. The purpose of this Agreement is to set forth the rights and responsibilities of the parties regarding the fire and emergency medical services to be provided by CFPD to SFD. For purposes of this Agreement, the term "SFD" is defined as: the geographical area within the boundaries of SFD as of the effective date of this Agreement, and all other geographical areas which are thereafter annexed to SFD.

**SECTION 2**

**Scope of Services Provided**

2.01 Fire Suppression and Fire Cause Investigation Services. CFPD shall provide the following fire suppression and prevention services to SFD:

- A. CFPD shall provide fire suppression services within SFD, twenty-four hours a day, seven days a week.
- B. CFPD shall operate and maintain the SFD fire station located at 14380 Saratoga Avenue, Saratoga, California 95070 ("SFD HQ"). CFPD shall staff the station with at least two three-person companies, on a twenty-four hour, seven day a week schedule. A typical first alarm response to a structure fire shall be the four closest fire apparatuses and an incident commander.

- C. In addition to the above, CFPD shall dispatch any available companies or units that are necessary, or reallocate resources to meet workload demands during the course of service calls or training sessions for short periods of time.
- D. CFPD is responsible for fire cause investigations.
- E. CFPD shall retain a volunteer driver-operator program within SFD boundaries. The volunteer firefighters who were authorized to drive the volunteer fire engine prior to July 1, 2008 shall retain their authority to drive the volunteer fire engine at SFD HQ assuming all certificates, licenses, including licenses required by the state of California, and training requirements are satisfied. CFPD shall use reasonable efforts to ensure the assignment of a sufficient number of volunteer firefighters authorized to drive the volunteer fire engine, subject to maintaining in effect all required certificates and licenses, including licenses required by the state of California, and satisfying all training requirements. Assignment of individual volunteer firefighters to the driver-operator program shall be at the discretion of the Fire Chief or his/her designee.

#### 2.02 Other Services to Be Provided by CFPD.

- A. CFPD shall keep accurate records on all SFD fire matters that, except as otherwise required by law, shall be available for review by SFD officers and staff during regular office hours.
- B. CFPD shall notify the Saratoga City Building Official of all structural fires in SFD.
- C. CFPD shall review all requests for street closures.
- D. CFPD is responsible for public education and citizen emergency response training in SFD.

#### 2.03 Services Not to Be Provided by CFPD.

- A. CFPD is not responsible for administering hazardous material programs in SFD.
- B. SFD shall continue to employ Harold Netter as a full-time fire marshal to provide services within SFD, until such time as Mr. Netter retires or otherwise separates from service with SFD. During the period of Mr. Netter's employment, SFD shall be responsible for providing its own fire prevention services and other fire marshal related code enforcement duties, including the following:

1. Plan checks and inspections for construction projects within SFD.
2. Enforcement of the fire services related to nuisance abatement and other related codes, including but not limited to preparing reports, inspection, testifying and interviewing.
3. Review all applicable business license requests and sign-off immediately in the event that a license request is in full compliance with all fire codes.
4. Review all fire access on new streets and all water main sizing and location of fire hydrants throughout SFD.
5. Enforcing fire lane and building exit requirements in cooperation with the Santa Clara County Sheriff.

So long as Mr. Netter provides the foregoing fire marshal duties, SFD shall take an annual credit (during each fiscal year from July 1 through June 30) in the amount of \$200,000.00 against the property tax amount described in Section 10.01. One half of such credit shall be applied during the month of December of each year and the remaining half shall be applied during the month of June of each year. This credit shall cease when CFPD assumes the responsibilities of fire marshal for SFD. CFPD shall assume such responsibilities when Mr. Netter ceases to be employed as SFD's fire marshal. If such assumption occurs as of a date other than the close of a fiscal year, the credit shall be pro-rated based upon the portion of the fiscal year prior to the effective date of the assumption.

- C. SFD shall retain responsibility for management including staffing, financing and enforcement of the Early Warning Alarm System program adopted by SFD and the City of Saratoga.

2.04 Dispatch Communications. CFPD shall, without charge to SFD, establish, operate and maintain a communications system to receive emergency requests from Public Safety Answering Points. The system shall be provided by, or under the authority of, CFPD and shall be maintained on a twenty-four (24) hour basis by an appropriate number of qualified personnel.

2.05 Communications System. CFPD may, without charge, use any SFD owned FCC Communications frequency licensed for fire and emergency vehicle services to operate and maintain the communications system required by this Agreement while SFD retains any and all rights of ownership to the license.

2.06 Community Services. CFPD shall cooperate with SFD in promoting civic betterment and improvement by providing its staff and equipment for community events and activities, to the extent consistent with the provision of fire prevention and suppression services.

2.07 Cooperative Training. CFPD shall make available to SFD employees mutually beneficial training classes presented by CFPD, such as classes in incident command overview.

2.08 Maps. CFPD shall provide copies of updated run maps to SFD. SFD shall provide copies of map changes to CFPD.

2.09 Law Enforcement Support. CFPD shall provide support to law enforcement including, but not limited to, emergency scene stand-by and laddering of buildings.

2.10 Existing Programs. SFD shall encourage the use of residential sprinklers in new construction and agrees to administer a brush abatement program in cooperation with the City of Saratoga.

### **SECTION 3**

#### **Service Levels, Standards of Performance**

3.01 Identifying Problems in Service. In the event SFD determines that CFPD has failed to comply with the duties described in this Agreement, SFD shall notify CFPD, in writing, sufficiently detailing the specific compliance issue. Upon receipt of the written notice, CFPD shall respond within ten (10) working days in writing, setting forth a detailed plan as to how CFPD shall come into compliance. If CFPD disagrees with SFD's determination, CFPD shall inform SFD in writing, setting forth the factual and/or legal basis for CFPD's disagreement.

3.02 Standard of Performance. CFPD shall perform all services required under this Agreement in a manner and according to the standards observed by competent fire personnel providing equivalent services. All products of whatever nature and all services shall be prepared and provided in a professional manner. All work products, engine company inspections and other services provided pursuant to this Agreement shall be in conformance with the related fire statutes, laws, regulations and guidelines.

3.03 Closure of Quito or West Valley Fire Station. If CFPD suspends operations from its Quito or West Valley sites for longer than one month CFPD shall provide replacement coverage to SFD from another location at no additional cost to SFD.

3.04 SFD HQ is a core station. CFPD shall define the SFD HQ station as a core station for purposes of staffing. The staffing at the SFD HQ station shall be staffed similarly to other CFPD core stations.

### **SECTION 4**

#### **Emergency Medical Services and Operations**

4.01 Emergency Medical Services. CFPD shall provide fire engine-based advanced life

support first responder services on two of the fire engines (or truck or rescue units) assigned to SFD HQ.

4.02 Emergency Operations Services

- A. CFPD has primary responsibility for emergency services coordination for emergency events that are under the jurisdiction of a fire agency.
- B. CFPD shall cooperate with SFD in the preparation, maintenance, and execution of civil defense and disaster plans for emergency operations.

**SECTION 5**

**Real Property**

5.01 Real Property Defined. As used in this section, the term "Real Property" means the land and improvements situated at 14380 Saratoga Avenue, Saratoga, California 95070 consisting of the fire station and appurtenances attached thereto and as identified in Exhibit A, attached hereto and incorporated by this reference.

5.02 Use of Real Property. During the term of this Agreement, CFPD shall be entitled to use and occupy the Real Property rent-free. SFD shall continue to use one office within the Real Property for its business office and a second office for Harold Netter for so long as he is employed by SFD as its fire marshal. The conference room shall continue to be used by the SFD Board of Fire Commissioners for its regular and special meetings and shall also be used from time to time for meetings of community groups in accordance with the established policies and procedures of the SFD.

5.03 Real Property Maintained.

- A. CFPD agrees that it shall not allow nuisances to exist or be maintained at any of the Real Property in SFD.
- B. CFPD shall keep the Real Property in a safe, neat and clean condition.
- C. CFPD shall maintain the Real Property in good condition and repair, including all interior and exterior surfaces, structural components, heating, cooling, plumbing and electrical systems, clarification systems and landscaping subject, however, to the following limitations:
  - 1. CFPD's total obligation for payment of maintenance and repair expenses during any single fiscal year shall not exceed the sum of \$25,000. Should maintenance and repair expenses during any single year exceed such amount, SFD shall be responsible for payment of the excess; provided, CFPD first gives prior notice of such excess expense to SFD and obtains

authorization from SFD for performance of the work. Notwithstanding the foregoing, prior notice to SFD shall not be required for emergency repairs that are necessary in order to protect the Real Property or to abate an immediate health or safety hazard. In such event, notice of the emergency repair shall be given to SFD as soon as reasonably practical. The annual allowance for maintenance and repair expenses provided herein shall be non-cumulative.

2. CFPD shall not be responsible to repair any item where the cost of repair (including labor) exceeds the sum of \$5,000 and such repair cost also exceeds fifty percent (50%) of the replacement cost (including labor) for that item. In such case, the repair or replacement of that item shall be the responsibility of SFD.
3. SFD shall be responsible for painting and carpeting SFD HQ, and shall be responsible for keeping the roof in good repair.

Repairs shall be performed promptly according to the controlling building code. SFD has the right to inspect the property upon reasonable notice to CFPD.

- D. CFPD may at its own expense expand, remodel or otherwise improve or add fixtures to the Real Property in order to enable it to better meet its needs, subject to the approval of SFD.
- E. SFD shall share with CFPD all construction plans, specifications, drawings and documentation it has regarding construction of SFD HQ, manufacturer's warranties, invoices, service records, owner's manuals and maintenance records of the Real Property.

#### 5.04 Underground Storage Tanks.

- A. SFD is responsible for any underground storage tank or tanks on any of the Real Property including any and all repairs and/or replacement of underground storage tanks. SFD shall retain any and all rights of ownership in said tanks and shall be fully responsible for any and all clean-up costs associated with any tank or tanks installed at any time on the premises.
- B. SFD shall defend, indemnify and hold harmless CFPD its officers, directors, agents and employees from and against any and all claims, liabilities, loss, injury or damage arising out of or in connection with actions, including claims and administrative processes, by government agencies or third parties, for investigation, response, removal, clean-up and/or remediation (collectively "claims") arising from or related in any way to any contamination, including contamination by oil or hazardous substances of the Real Property, the

buildings or the surrounding area unless such contamination was caused by the acts or omissions of CFPD or its agents or contractors.

5.05 Replacement of Facilities. In the event that any of the Real Property is for any cause destroyed or damaged beyond repair, SFD at its sole expense shall within a reasonable time replace facilities with improvements and facilities of the same kind and purpose, and minimally to the same quality, size and capacity as those damaged or destroyed at the same location or an alternative location which shall comply with the required response times set forth in this Agreement, or if such facilities are not provided by SFD, SFD shall relieve CFPD of performance goals.

5.06 Identity of Fire Stations. SFD HQ shall be identified as both a SFD and CFPD facility, and the apparatus stationed therein shall bear the name of Saratoga and County Fire. SFD's name shall appear on the station while CFPD's logo shall appear on the front door and/or front office window. In addition to display of the American flag, CFPD may display the flag of the state of California and the County Fire flag.

5.07 New Fire Stations.

- A. In the event an additional fire station or stations are needed to serve SFD exclusively, SFD shall be responsible for construction thereof. The contractor hired to construct the station(s) shall cooperate with CFPD regarding the design and construction of the new facilities.
- B. All construction shall be undertaken in conformance with all applicable California laws including, but not limited to, the Civil Code, Code of Civil Procedure, Health and Safety Code, and the California Public Contracts Code, including laws relating to competitive bidding.

## **SECTION 6**

### **Vehicles and Equipment**

6.01 Equipment Defined. As used in this section, the term "Equipment" is defined as that equipment, tools, furnishings, supplies and other materials not consisting of Real Property or Vehicles.

6.02 New Equipment and Vehicles. In the event new equipment needs to be purchased or needs to be replaced, CFPD shall have the sole responsibility for purchasing new equipment and replacing existing equipment. If CFPD purchases, leases or otherwise acquires ownership of new equipment, CFPD shall retain ownership of such equipment during and after the term of this Agreement.



6.03 Records for Equipment and Vehicles. SFD shall share with CFPD all plans, drawings and documentation it has regarding manufacturer's warranties, invoices, service records, owner's manuals and maintenance records of equipment and vehicles.

6.04 Purchase and Rental of Vehicles.

- A. CFPD shall rent Engine 30, Rescue 30 and Patrol 30 for a minimum of one year effective July 1, 2008 for amounts as described in Exhibit C. CFPD shall provide routine maintenance to Engine 30, Rescue 30 and Patrol 30 and shall add these vehicles to CFPD's liability insurance policy. One half of the annual rental shall be due on December 15<sup>th</sup> of each year and the remaining half shall be due on June 15<sup>th</sup> of each year. In the event any rented vehicle is temporarily taken out of service for maintenance or repair and such work cannot reasonably be completed within 30 days, the rental payment for such vehicle shall be abated during the period from the 31<sup>st</sup> day until the date on which the vehicle is returned to active service. At any time from and after July 1, 2009, CFPD may elect to permanently discontinue using any or all of the rented vehicles, in which event CFPD shall give written notice to SFD indicating the effective date on which a particular vehicle shall permanently be taken out of service. CFPD's obligation to pay rent and to provide maintenance and insurance coverage for such vehicle shall cease as of the effective date on which the vehicle is taken out of service. SFD may thereafter use or dispose of such vehicle in any manner it deems appropriate.
- B. CFPD will purchase the vehicles listed in Exhibit B, entitled Vehicles to Be Sold to CFPD. SFD shall transfer title to CFPD for the 2000 Ford SUV effective September 1, 2009 with a negotiated value of \$6,000. SFD shall transfer title to the 1994 Ford Crown Victoria effective July 1, 2008 with a negotiated value of \$2,000. The cost of the SUV and Ford Crown Victoria are included in the \$275,000 price referred to in Section 6.06 below.
- C. CFPD shall not rent nor purchase Engine 31, which is currently owned by SFD. However, CFPD shall provide regular maintenance on Engine 31 and shall add Engine 31 to CFPD's liability insurance plan at no cost to SFD. CFPD shall stop providing routine maintenance and liability insurance on Engine 31 when Engine 31 is no longer used as a reserve engine or the volunteer division's primary fire engine for service to SFD.

6.05 Rescue Equipment Assigned to All SFD HQ Vehicles. CFPD shall retain specialized rescue equipment on the SFD vehicles that had such equipment as of July 1, 2008. As the equipment is removed from service CFPD shall replace only the number of units needed to comply with CFPD's standard equipment inventory. If SFD desires to augment the assigned inventory on a vehicle assigned to SFD HQ, it may request CFPD to do so and SFD shall pay for the extra equipment.

6.06 Purchase of Equipment and Two Vehicles. CFPD shall pay SFD \$275,000 on or before May 15, 2008 for the 2000 Ford SUV and 1994 Ford Crown Victoria listed in Exhibit B and all the equipment listed in Exhibit D.

## **SECTION 7**

### **Records Retention**

7.01 Records Retention and Storage. SFD shall retain ownership of all SFD emergency and public service related service records pertaining to responses that occur prior to July 1, 2008. CFPD shall have access to all such records. CFPD shall provide a list of records CFPD intends to move from SFD for use elsewhere and the new location of such records. Those records that are not needed by CFPD at another location shall remain with SFD. CFPD shall own all service records related to emergency and public service calls for service that occur on or after July 1, 2008.

## **SECTION 8**

### **Insurance And Indemnities**

#### **8.01 Insurance Required.**

- A. SFD shall insure the real property listed in Exhibit A against the risk of damage or destruction in amounts sufficient to enable it to satisfy the obligations created by this Agreement.
- B. CFPD shall maintain its current insurance program or contract for and maintain during all periods this Agreement is in effect comprehensive general liability insurance and property insurance, and shall provide an endorsement naming SFD, members of its Commission and all other officers, agents and employees of SFD, individually and collectively, as additional insureds. The coverage under such insurance shall include the indemnification requirements of CFPD as set forth in Section 8.02 of this Agreement. CFPD's current insurance program or any future comprehensive general liability insurance shall provide minimum coverage of two million dollars. CFPD's insurance shall be primary to SFD's general and property insurance policies and shall not contribute with SFD's coverage. Certificates of insurance shall be provided to SFD Board of Fire Commissioners annually on the anniversary date of this Agreement and to the extent CFPD alters any coverage, it shall include SFD, members of the SFD Board of Fire Commissioners and all other officers, agents and employees of SFD as additional insured parties. Any and all insurance purchased must be from carriers holding an A.M. Best rating of no less than A:VII. SFD shall be given thirty days' advance notification of any cancellations or lapses in coverage including, but not limited to, policy limits

and deductibles.

- C. CFPD shall maintain its current workers' compensation self-insurance program or shall at all times maintain workers' compensation insurance in an amount to comply with California statutory requirements. Such coverage shall apply to all CFPD employees who are former SFD employees. SFD shall at all times maintain workers' compensation coverage either through a self-insurance program or insurance policy in an amount to comply with California statutory requirements. SFD shall be responsible for any and all workers' compensation claims arising out of an accident or incident that occurred prior to July 1, 2008.
- D. SFD shall maintain its current insurance program or contract for and maintain during all periods this Agreement is in effect comprehensive general liability insurance and property insurance and shall provide an endorsement naming CFPD, members of its Board of Directors and all other officers, agents and employees of CFPD, individually and collectively, as additional insureds. The coverage under such insurance shall include the indemnification requirements of SFD as set forth in Section 8.02 of this Agreement. SFD's current insurance program or any future comprehensive general liability insurance shall provide minimum coverage of two million dollars. SFD's insurance shall be primary to CFPD's general and property insurance policies and shall not contribute with CFPD's coverage. SFD shall provide Certificates of insurance to the CFPD Fire Chief annually on the anniversary date of this Agreement and to the extent SFD alters any coverage, it shall include CFPD, members of the CFPD Board of Directors and all other officers, agents and employees of CFPD as additional insured parties. Any and all insurance purchased, must be from carriers holding an A.M. Best rating of no less than A:VII. CFPD shall be given thirty days' advanced notification of any cancellations or lapses in coverage including, but not limited to, policy limits and deductibles.

8.02 Mutual Indemnities. In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a party shall not be shared pro rata but instead CFPD and SFD agree that pursuant to Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other parties, their officers, board members, commissioners, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, board members, commissioners, employees or agents, under or in connection with or arising out of any work, authority, services, or jurisdiction delegated to or performed by such party under this Agreement or use of the Real Property by the indemnifying party. No party, nor any officer, board member, commissioner, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of other party hereto, its officers, board members, commissioners, employees or agents, under or

in connection with or arising out of any work, authority, services, or jurisdiction delegated to or performed by such party under this Agreement or use of the Real Property by such party.

## **SECTION 9**

### **Term Of Agreement**

9.01 Initial Term of Agreement. The initial term of this Agreement shall commence on July 1, 2008, at 12:00:01 a.m. and shall expire on July 1, 2013 at 12:00 o'clock a.m.

9.02 Renewal. At the expiration of the initial term, this Agreement shall automatically renew year to year for an additional five years unless SFD or CFPD provides written notice of non-renewal to the other party at least one year prior to the July 1 that the terminating party intends to terminate the Agreement. Unless sooner terminated by either party, this Agreement shall expire on July 1, 2018, at 11:59:59 p.m.

## **SECTION 10**

### **Terms Of Payment/Financial Provisions**

10.01 Payment. Commencing on July 1, 2008, and every fiscal year thereafter SFD shall pay CFPD an amount equal to 90% of the total property taxes apportioned to SFD, inclusive of the Homeowners Property Tax Replacement (HOPTR) and prior property taxes but exclusive of property taxes designated for SFD's general obligation bond, and property taxes attributed to fiscal year 2007-2008. In the event of any change in apportionment laws, for example the elimination of the Educational Revenue Augmentation Fund (ERAF), or changes in tax rates or tax revenues due to annexations or detachments, the 90% factor described in this section shall apply to the new rates or amounts.

10.02 Terms of Payment. SFD shall pay CFPD 90% of the tax revenues described in Section 10.01 within 30 days after the date on which SFD receives written notice from the County of Santa Clara (which may be in the form of an email message) that the tax revenues have been apportioned to SFD. If SFD is tardy with the payment SFD shall pay a late fee of one percent of the delinquent payment if SFD has not made the payment within 30 days of learning that the property taxes had been apportioned. For every fifteen days that payment is late CFPD shall be entitled to the base amount plus late fees, compounded by one percent each fifteen days.

10.03 American Medical Response West (AMRW) First Responder Payments. SFD relinquishes to CFPD SFD's right to payments from AMRW, or its successor, fees, payments or pass-through revenues that relate to fire departments providing first responder emergency medical care in support of AMRW'S contractual obligations to Santa Clara County relative to response times.

## **SECTION 11**

### **Fire Personnel**

11.01 Designation of Fire Chief. The CFPD Fire Chief shall be designated as the Fire Chief for SFD for purposes of statutory regulations and the exercise of all powers and duties assigned to the fire chief under any applicable laws.

11.02 Paid Fire Personnel. CFPD has the right to hire and control all personnel necessary to fulfill its obligations set forth in this Agreement and assumes all responsibility and liability for personnel in accordance with applicable State and Federal laws.

11.03 Layoff of SFD Personnel. Effective 12:00 o'clock a.m. July 1, 2008, SFD shall lay-off its Firefighters, Firefighter-Paramedics, Engineers, Engineer-Paramedics, Captains, Captain-Paramedics, and Assistant Chief who are listed in Exhibit E, entitled Former Paid SFD Fire Personnel, and CFPD shall hire these employees effective as of 12:00:01 o'clock a.m., July 1, 2008. The specific terms of employment including job title and job class, rank, compensation, benefits, seniority, leave accruals and usage, and retirement benefits are addressed in separate agreements.

11.04 SFD Volunteer Division. Exhibit "F", entitled Former SFD Volunteers, is incorporated herein by this reference. CFPD shall enroll those persons who were SFD volunteers listed on Exhibit "F", into its volunteer division. Former SFD volunteers shall be afforded the same training and emergency response opportunities as CFPD volunteers plus the additional privilege described in section 2.01.E.

## **SECTION 12**

### **Termination**

12.01 Termination for Cause. Without limiting any other remedy that may be available, this Agreement may only be terminated for a material breach after utilizing the Arbitration Review Board procedure in Section 13.01.

12.02 Termination without Cause. Neither party may terminate this Agreement without cause prior to June 30, 2013. Thereafter, either party may terminate this Agreement without cause only the manner provided in Section 9.02. SFD and CFPD can mutually agree to terminate this Agreement without cause at any time.

12.03 Duties upon Termination. In the event of termination, and in accordance with all applicable laws, CFPD shall retain ownership of all records pertaining to emergency and non-emergency calls for service that CFPD responded to during the period that this Agreement was in force. SFD shall have reasonable access to all such records.

12.04 Employment of Fire Personnel upon Termination. Upon termination of this

Agreement SFD shall assume full responsibility for fire protection and fire department-related emergency services within SFD. SFD shall provide its former SFD employees currently employed by CFPD a right of first refusal for employment subject to SFD's minimum qualifications. Former SFD employees currently employed by CFPD are described in that document entitled "Former Paid SFD Fire Personnel," attached hereto marked Exhibit "E" and incorporated herein by this reference. Thereafter, SFD shall provide CFPD employees a right of first refusal for employment subject to SFD's minimum qualifications. In the event SFD elects to contract with another provider of fire protection services, SFD shall endeavor to provide the same right of first refusal set forth above in the contract terms with the new provider.

12.05 Payment upon Termination. CFPD shall rebate to SFD any payment for services not received, and SFD shall pay CFPD a prorated amount for all days not constituting a full month owed up to and including the date of termination date.

## **SECTION 13**

### **Dispute Resolution**

13.01 Arbitration Review Board. At any time during the term of this Agreement, the party aggrieved by a material breach may provide written notice describing the breach to the party responsible. Upon receipt of the written notice, the party responsible shall respond within ten (10) working days in writing with a detailed action plan summarizing how the party shall correct the problem. If the dispute is not resolved within ninety days of such notice of breach, SFD and CFPD shall attempt to agree on appointing an individual to serve as a non-binding mediator. If the parties cannot agree on the selection of a mediator, or if either of the parties elects to not accept the mediator's suggestions, the parties shall appoint an Arbitration Review Board consisting of three (3) members, one (1) appointed by each entity, and the third mutually agreed upon. After the Board's decision is given, the aggrieved party, if not satisfied, may then give written notice of termination. This arbitration shall be conducted in accordance with procedures agreed to by the parties (such as applicable California statutes regarding non-binding arbitration or the rules set forth by the American Arbitration Association). The arbitration shall be non-binding and each party shall bear its own costs and expenses of this proceeding. The parties shall equally bear the fees charged by the arbitrators.

13.02 Governing Law. California law shall govern this Agreement and the interpretation thereof.

## **SECTION 14**

### **Miscellaneous Provisions**

14.01 Assignment. Except as expressly provided herein, neither SFD nor CFPD shall voluntarily or involuntarily assign, delegate, subcontract, pledge, hypothecate or encumber any right, duty or interest, in whole or in part, in or of this Agreement.

14.02 Notice. All notices, demands or other writings in this Agreement provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be deemed to have been fully given if sent by facsimile or made or sent when made in writing and deposited in the United States mail, registered or certified and postage prepaid and addressed as follows:

To SFD: Chairperson  
Board of Fire Commissioners  
Saratoga Fire Protection District  
14380 Saratoga Avenue  
Saratoga, CA 95070

To CFPD: FIRE CHIEF  
Santa Clara County Fire Department  
14700 Winchester Boulevard  
Los Gatos, CA 95032-1818

The address to which any notice, demand or other writing may be given or made or sent to any party may be changed by written notice given by such party.

14.03 Compliance with Law. SFD and CFPD agree to comply with and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations which affect this Agreement or any activity, duty, obligation, performance or occupancy of use of real or personal property which arise from this Agreement.

14.04 Waiver of Rights. Neither party may waive or release any of its rights or interests in this Agreement except in writing. Failure to assert any right arising from this Agreement shall not be deemed or construed to be a waiver of such right.

14.05 Interest in Agreement. This Agreement shall not be deemed or construed to confer upon any person or entity, other than the parties hereto, any right or interest, including, without limiting the generality of the foregoing, any third party beneficiary status or any right to enforce any provision of this Agreement.

14.06 Consents Approvals, and Modifications.

- A. All consents, approvals, interpretations and waivers relating to this Agreement shall bind a party only when executed by such party's Authorized Representative. SFD's Authorized Representative shall be the Chairperson of the SFD Board of Fire Commissioners, and CFPD's shall be its Fire Chief. Superiors and successors of, and agents expressly authorized in writing by, said SFD Chairperson and Fire Chief, as the case may be, shall also be authorized representatives.

- B. The express terms of this Agreement represent the exclusive understanding between the parties for the services contemplated herein. Modification of this Agreement may occur only in writing upon the mutual consent of the parties. The SFD Chairperson is authorized to approve minor modifications to this contract on behalf of SFD, providing such modifications do not significantly affect the scope of services or compensation. The Fire Chief is authorized to approve minor modifications on behalf of CFPD that do not significantly affect the scope of services or compensation.

14.07 Entire Agreement. Except as otherwise provided in Section 11.02, this Agreement and the exhibits hereto contain the entire Agreement between SFD and CFPD with respect to the fire and emergency medical services, and no other agreement, statement or promise made by any party or any employee, officer or agent of any party which is not contained in this Agreement shall be binding or valid.

14.08 Successors in Interest. This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

14.09 Severability. Should any part, term, portion, or provision of this Agreement be decided to be in conflict with any law of the United States or of the State of California, or otherwise found to be unenforceable or ineffectual, the validity of the remaining terms, parts, portions, or provisions shall be deemed severable and shall not be affected, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the parties intended to enter into for fire and emergency medical services by CFPD in the first instance.

14.10 Nondiscrimination. Each party and every subcontractor shall comply with all applicable federal, state, and local laws and regulations including Santa Clara County's policies concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101 and 1102. The parties shall not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor shall the parties discriminate in provision of services provided under this contract because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations or marital status.

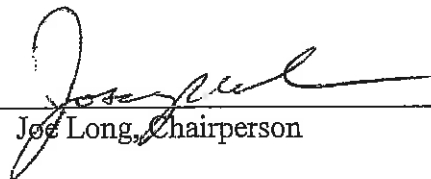
14.11 Survival of Obligations. The rights and obligations of the parties set forth in Sections 5, 7 and 8 shall survive the termination of this Agreement.



14.12 Termination of Administrative Management Agreement. This Agreement supersedes and cancels in all respects the existing Administrative Management Agreement between CFPD and SFD dated July 1, 2005, and upon the effective date hereof, said Administrative Management Agreement shall be deemed terminated and have no further force or effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in duplicate by the persons thereunto duly authorized as of the date first mentioned.

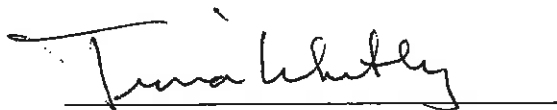
SARATOGA FIRE  
PROTECTION DISTRICT

By:   
Joe Long, Chairperson

SANTA CLARA COUNTY  
CENTRAL FIRE PROTECTION DISTRICT

By:   
BLANCA ALVARADO VICE CHAIR

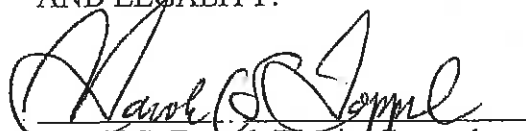
ATTEST:

  
Trina Whitley, Secretary

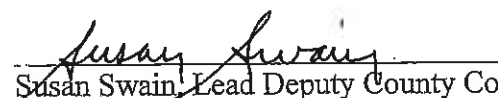
ATTEST:

  
Phyllis A. Perez, Clerk of the Board

APPROVED AS TO FORM  
AND LEGALITY:

  
Harold S. Toppel, District Counsel

APPROVED AS TO FORM  
AND LEGALITY:

  
Susan Swain, Lead Deputy County Counsel

**FIRST ADDENDUM  
TO  
FIRE AND EMERGENCY MEDICAL SERVICES AGREEMENT  
SARATOGA FIRE PROTECTION DISTRICT AND SANTA CLARA COUNTY  
CENTRAL FIRE PROTECTION DISTRICT**

THIS FIRST ADDENDUM TO FIRE AND EMERGENCY MEDICAL SERVICES AGREEMENT, dated 12/17/09, 2009, by and between the SARATOGA FIRE PROTECTION DISTRICT, an independent fire district organized and operating pursuant to the Fire Protection District Law of 1987 of the California Health and Safety Code ("SFD"), and the SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT, a fire protection district, organized and operating under the Fire Protection District Law of 1987 of the California Health and Safety Code, ("CFPD"), is made with reference to the following facts:

A. SFD and CFPD are parties to a Fire and Emergency Medical Services Agreement effective as of July 1, 2008 (the "Services Agreement").

B. Section 10.01 of the Services Agreement provides as follows:

10.01 Payment.

Commencing on July 1, 2008, and every fiscal year thereafter SFD shall pay CFPD an amount equal to 90% of the total property taxes apportioned to SFD, inclusive of the Homeowners Property Tax Replacement (HOPTR) and prior property taxes but exclusive of property taxes designated for SFD's general obligation bond, and property taxes attributed to fiscal year 2007-2008. In the event of any change in apportionment laws, for example the elimination of the Educational Revenue Augmentation Fund (ERAF), or changes in tax rates or tax revenues due to annexations or detachments, the 90% factor described in this section shall apply to the new rates or amounts.

C. The State of California has suspended Proposition 1A and intends to borrow property tax revenue from cities, counties and special districts, including SFD and CFPD.

D. If property tax revenues are borrowed, the State will be obligated to repay the loan within three years of borrowing these revenues, plus interest.

NOW, THEREFORE, SFD and CFPD agree as follows:

1. If any property tax revenues that otherwise would be allocated to SFD are borrowed by the State of California, then upon repayment of such loan, and in accordance with the provisions of Section 10.01 of the Services Agreement, 90% of each repayment representing property taxes that would be shared with CFPD, including 90% of the interest thereon, shall be paid to CFPD and the remaining 10% shall be remitted to SFD. If any property taxes are diverted by the State that are designated for SFD's general obligation bond, then upon repayment of such loan, 100% of the each repayment, including all interest thereon, shall be paid to SFD.

2. In the event the term of this Agreement expires before the State repays the subject loans, SFD is still obligated to pay CFPD 90% of each repayment representing property taxes that CFPD is entitled to under the Services Agreement and this Addendum, including 90% of the interest thereon, shall be paid to CFPD .

3. All terms of the Agreement not in conflict with this Addendum shall remain in full force and effect.


4. Each of the undersigned warrants and represents that they have the authority to sign this Addendum on behalf of the respective parties.

5. This Addendum contains the entire agreement between the parties pertaining to the subject matter and fully supersedes all prior written or oral

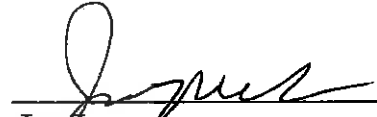
agreements and understandings between the parties pertaining to such subject matter.

IN WITNESS WHEREOF, the Addendum is effective as of the day and year set forth above.

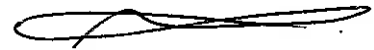
SANTA CLARA COUNTY  
CENTRAL FIRE PROTECTION  
DISTRICT:

  
Kenneth L. Waldvogel  
Fire Chief  
Date: 12/11/09

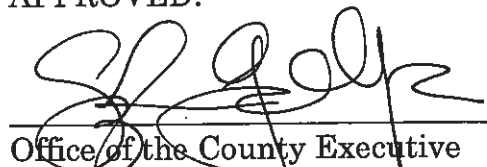
SARATOGA  
FIRE PROTECTION DISTRICT:

  
Joe Long  
Chairman  
Date: 12/15/09

APPROVED AS TO FORM AND LEGALITY:

  
Neysa A. Fligor  
Deputy County Counsel

APPROVED:

  
Office of the County Executive  
Sylvia Gallegos  
11-20-05

**ATKINSON • FARASYN, LLP**

ATTORNEYS AT LAW

660 WEST DANA STREET

P.O. BOX 279

MOUNTAIN VIEW, CALIFORNIA 94042

TELEPHONE (650) 967-6941

FACSIMILE (650) 967-1395

REPLY TO:

HAROLD S. TOPPEL

J.M. ATKINSON (1892-1982)

L.M. FARASYN (1915-1979)

April 15, 2014

Santa Clara County LAFCO  
Attn: Neelima Palacheria, Executive Officer  
70 West Hedding Street  
San Jose, CA 95110

Re: Saratoga Fire Protection District  
Special Study - Revised Draft Report

Dear Ms. Palacheria:

The Saratoga Fire Protection District ("SFD") submitted comments on the Draft Report from EPS dated February 24, 2014. Some of these comments were incorporated into the Revised Draft Report dated March 27, 2014 ("the Revised Report"); most were not. This letter will focus primarily upon the legal process being followed by LAFCO and the findings set forth in the Revised Report.

**THE PROCESS:**

**A. Where is the annexation?**

As we have noted in prior communications to LAFCO, a dissolution of the SFD necessarily involves the concurrent annexation of former SFD territory to the Central Fire Protection District ("CCFD"). It has been our legal position that while LAFCO may have the power under state law to initiate the dissolution of a special district, it does not have the power to *initiate* an annexation. In other words, state law cannot require a governmental agency to accept new jurisdictional territory and all associated responsibilities and liabilities without its consent. We have repeatedly asked LAFCO staff and the consultant to provide either the legal authority showing the power of LAFCO to order an involuntary annexation or evidence that a petition for annexation has been filed or will be filed by the Santa Clara County Board of Supervisors. This information was not contained in the original Report and again is not contained in the Revised Report.

During his presentation of the Revised Report at the LAFCO meeting on April 2, 2014, the consultant noted that he had been advised by the employees of CCFD that they were able to assume the responsibilities of the SFD. However, the decision to assume the functions of the SFD does not rest with the employees of CCFD – it rests exclusively upon the Board of Supervisors, in its capacity as the governing body of CCFD. Yet there has been no indication that the Board of Supervisors has any interest in making this decision or has initiated any proceedings to do so. If the Board of Supervisors does not wish to be a

party to a hostile take-over the SFD, then we are all wasting our time and money by proceeding any further with this dissolution process.

**B. Will there be an election on the issue of SFD's dissolution?**

In response to a question from the Commission as to whether the issue of SFD's dissolution would be put before the voters of the District, the answer was that there *would* be an election. Either the LAFCO staff knows of a state law that this writer has not seen and would be more than happy to review if they could provide me with the citation, or the response was simply dead wrong. The only applicable law we are aware of is Government Code Section 57077.1,<sup>1</sup> which states that if a proposal for dissolution is initiated by the Commission (as in this case), and "regardless of whether a subject agency has objected to the proposal," the Commission shall order a dissolution *without confirmation by the voters* unless "written protests have been submitted that meet the requirements of Section 57113." That Section would require voter confirmation of a proposed dissolution only if protests have been signed by either 10% of the voters entitled to vote, or by persons owning 10% of the assessed value of land within the subject territory.

The time to collect and submit written protests turns out to be incredibly short, given the importance of this decision. Section 57051 requires that all protests be submitted not later than the conclusion of the public hearing and no protest may be dated prior to the date of publication of the notice for that public hearing. So the SFD might have only 30 to 45 days to collect the required number of signatures and we cannot even get a head start on this task before the notice is published.<sup>2</sup>

If the SFD is forced to choose between an attempt to accomplish the nearly impossible task of gathering 1,000 protest signatures in a matter of days, or seeking judicial review of a dissolution resolution we firmly believe will be legally defective and invalidated by the court, the course of action that will be taken by SFD is rather obvious. This is not intended as a threat but merely a statement of a predictable outcome – which is totally avoidable, depending upon the actions of the Commission.

**THE FINDINGS:**

**A. Will there be any cost savings?**

The Revised Report claims that a dissolution of the SFD will result in various cost savings, mostly from the elimination of the District's executive officer and business manager, who would be replaced by a second level clerk at CCFD. Aside from the general question as to whether this "savings" is really worth the total loss of a local governmental

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<sup>1</sup> Part of the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000, which is the general law governing all of LAFCO functions, powers and proceedings. All other Section references contained in this letter are to the Government Code.

<sup>2</sup> Retaining the services of a paid signature-gathering firm to obtain the required number of protest signatures is not an option. In the opinion of the SFD legal counsel, such an expenditure would constitute an illegal use of public funds.

agency that is fully accountable to its own residents, what is really the nature of this "savings"? As shown by the text of the Revised Report and the oral comments by the consultant, it is not a matter of services being performed more cheaply; it is a matter of certain services no longer being performed at all. This result is mischaracterized as the elimination of "redundant costs" but most of the services now being performed by the District's business manager are not redundant and would simply disappear. For example, the residents of SFD would no longer have monthly financial statements showing income and expenses, nor would they have annual audited financial reports. They would no longer receive monthly emergency response reports; monthly reports on the condition and status of the District owned fire station; monthly reports on the fire protection measures being installed in new construction projects; or monthly reports on the status of special community activities conducted by the District. In addition, there would be no separate operating and capital budgets for the SFD since all of this financial information would be merged into the vast budget for the CCFD.

From the perspective of the residents of the SFD, there are no "savings" since a dissolution would not result in any reduction in the amount of their property taxes or assessments. But there would be a possible *loss* of revenue now utilized exclusively by and for the SFD. Nothing in the state law mandates that future revenues received from the territory of a dissolved special district must only be used for that territory. It seems quite unlikely that CCFD would be willing to incur the additional cost and staff time to keep track of these revenues and allocate them only for the benefit of the SFD territory. Nor would there be any reason to do so because CCFD would not be required to prepare separate financial statements applicable only to the SFD territory, as currently being prepared by the SFD business manager.

It is also possible that the school districts will suffer since no actual evidence was presented showing that the ERAF payments now being allocated for the schools out of the SFD tax revenues would be continued after dissolution. It is our belief that these funds, in the amount of approximately \$600,000, will simply be taken from the schools and shifted to the CCFD for its unrestricted use. The school districts would hardly view this economic loss as a "savings."

If there will be no reduction in property taxes, no increase in the level of fire protection, and the elimination of various services now being provided to the SFD, the cost "savings" are, in reality, a revenue shifting from an agency where District revenue is fully used and accountable to another agency where it is combined with other revenue and may be used for any purpose, whether related or unrelated to the District. The residents of the District will have no control over how their tax dollars are spent, and would not have the information needed to determine whether the funds are even spent within the District.

**B. Would a dissolution promote public access and accountability?**

The consultant apparently measures access and accountability by looking at who answers the phone for business calls, how many people attend regular board meetings, and whether ancient contracts and resolutions that the consultant "expects" to find can be

found. A discussion of this finding should start with basic definitions for the terms "promote" "access" and "accountability." Since the state law does not contain any special definition for these terms, the ordinary dictionary meanings would apply.

In the context of Section 56881, which sets forth the required findings, the following definitions from Webster's dictionary should be used:

"Promote" means to contribute to the growth of, or help something to happen, develop or increase.

"Access" means the ability to approach or communicate with a person or thing; to have contact with someone.

"Accountability" means an obligation or willingness to accept responsibility or to account for one's actions. It is described in more detail in Wikipedia as "the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance and implementation within the scope of the role or employment position and encompassing the obligation to report, explain, and be answerable for resulting consequences."

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When the Legislature adopted Section 56881, it obviously did not have the telephone receptionist in mind. The Section is directed toward the persons who actually make policy decisions and govern the agency. In this case, those persons would clearly be the Board of Directors (also called the Fire Commissioners) of the SFD and the Santa Clara County Board of Supervisors, sitting as the Board of Directors of the CCFD. If SFD is dissolved, the accountability of the governing body would drop from 100% to zero. The residents of SFD currently elect every member of the SFD Board. They can easily recall or replace any member who the voters determine is not properly performing his or her job. But the residents of the District (or, for that matter, the entire population of the City of Saratoga) have no voting power to elect a single member of the Board of Supervisors, even if every person voted in the same way. A dissolution would not "promote" access and accountability of the governing body; it would destroy it and effectively disenfranchise every resident of the SFD.

The consultant attempts to avoid this mathematical fact by the absurd statement that the lack of contested elections "indicates lack of community concern and involvement in SFD affairs...". Apparently, it never occurred to the consultant that the voters might be satisfied with their present board members and the existence of conflict and contested elections might instead suggest instability and a dysfunctional organization. The statement is an insult to 88% of the District voters who approved an assessment upon themselves to pay for the new fire station. The Mayor of Saratoga previously sent a letter to LAFCO describing the community support for the SFD. Another copy is enclosed for your reference.



The Revised Report reflects the work of someone who has arrived at a conclusion and is now seeking facts to support it. The consultant again points to the absence of a contract between SFD and the City of Saratoga for administration of the EWAS program. The earlier draft referred to this as an "expected document," but the consultant is the only one with this expectancy. As we pointed out in our comments on the Draft Report, the EWAS program is governed by the adopted ordinances and regulations of both agencies and no contract is required. After all, what would it say that the EWAS ordinances and regulations do not? In 30 years of operation, neither the City of Saratoga nor the SFD has found a need for a separate EWAS contract. Yet the consultant is now rendering his own unqualified legal opinion that a contract is "expected" and therefore missing.

Also missing, in the view of the consultant, is the resolution establishing the EWAS service fee. The same fee has been charged for the last 30 years and each EWAS customer receives an actual written bill for the service fee which is mailed quarterly directly to the customer. So there is no confusion over the amount of the fee or when it is payable. Even if a rate resolution was found, it would mean absolutely nothing in terms of access. If an EWAS customer wants to know the amount of his or her service charge, would the customer search through the 30-year old archives of the fire district or would the customer just look into his or her own mailbox? The so-called "missing" EWAS rate resolution is merely an inconsequential circumstance from which the consultant is attempting to fabricate another "fact" to support his conclusions.

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The consultant also mentions, once again, the lack of a job description for the business manager. Job descriptions are appropriate to distinguish between responsibilities assigned to multiple employees. As stated in our earlier comments, the SFD has only one employee who basically performs whatever tasks are needed – from the preparation of agendas, financial reports, processing and payment of bills, customer contacts, and EWAS invoices, to any other duties that may be assigned from time to time by the Board of Directors. Her job involves knowledge, training, experience, and responsibilities far in excess of anything that might be provided by a second-level clerk. The lack of a description does not minimize the scope or importance of her job.

Perhaps because it would negate his attempts to show lack of access, the consultant fails to acknowledge the Transparency Certificate of Excellence awarded to the SFD by the Special District Leadership Foundation, with specific compliments on the SFD website. Instead, the consultant again reminds us in the Revised Report that the SFD website was recently "revamped to eliminate outdated information and to add previously missing information." In other words, the fact that it is now an award-winning website should be ignored and LAFCO should only consider the earlier condition which was still a work-in-progress. This is just another instance of a conclusion in search of supporting "facts."

## CONCLUSION

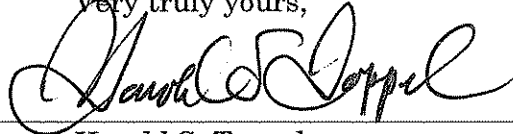
LAFCO was charged with the responsibility of reviewing the status of the SFD. We understand that it needed to perform the study to determine whether the legally required findings can be made for dissolution of the District. That study has now been completed,

and despite statements by the consultant to the contrary, the study clearly shows that the findings cannot be made. It is now time for LAFCO to declare that it has fulfilled its assignment to study the potential dissolution of the SFD; advise the public that the Report is now available for review by any interested person, along with comments from SFD; and conclude the investigation by taking no further action and closing its file.

If the residents of the SFD felt it was necessary to dissolve the District, they certainly have the power to do so. They can vote to replace the current Board of Directors and then file with LAFCO a voluntary petition for dissolution. But this democratic process is far different than having a dissolution the residents do not want, imposed by persons they did not and could not elect, and through a process over which they have absolutely no control.

A considerable amount of time and money has already been expended by both LAFCO and the SFD on this matter. It would be a complete waste of public funds and resources if a final resolution could only be obtained through litigation. The SFD hopes LAFCO does not force both of us into this position.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Harold S. Toppel".

Harold S. Toppel  
District Counsel

cc: LAFCO Commissioners  
SFD Board of Directors  
Richard Berkson  
Trina Whitley



Incorporated October 22, 1956

# CITY OF SARATOGA

13777 FRUITVALE AVENUE • SARATOGA, CALIFORNIA 95070 • [www.saratoga.ca.us](http://www.saratoga.ca.us)

## COUNCIL MEMBERS:

*Manny Cappello  
Jill Hunter  
Emily Lo  
Howard Miller  
Chuck Page*

September 30, 2013

Chairperson Mike Wasserman

Local Agency Formation Commission of Santa Clara County

70 West Hedding Street, 11<sup>th</sup> Floor

San Jose, CA 95110

Subject: Saratoga Fire Protection District

Dear Chairperson Wasserman,

The Local Area Formation Commission of Santa Clara County (LAFCO) performs a unique function in our County. It encourages the orderly formation of local agencies and does so by conducting reviews of these agencies and determining when there are opportunities to consolidate services, with the intent to improve service delivery and reduce operating expenses.

While it might be argued that annexing the Saratoga Fire Protection District into the Santa Clara County Central Fire Protection District will result in administrative cost savings, I urge the members LAFCO to take into consideration the distinct benefits the Saratoga Fire Protection District provides to the residents of Saratoga.

Saratoga's character began to form long before the City itself was incorporated in 1956. The Saratoga Fire Protection District has a long and rich history in Saratoga and is one of the primary institutions that helped give our City a sense of identity in its formative years.

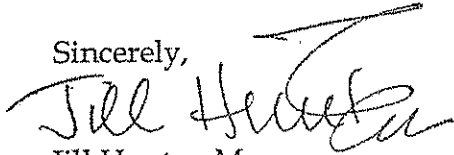
Not only is the Saratoga Fire Protection District a key part of the City's past, it also an important part of our City today and something very vital to the residents of Saratoga will be lost if the Saratoga Fire Protection District is merged with the Santa Clara County Central Fire Protection District. Saratoga was founded on the principle that government should be small and citizens should have easy access to both local government and their elected officials. The Saratoga Fire Protection District embodies this philosophy, which unites Saratoga residents and draws likeminded people to this

City. Residents know their Saratoga Fire Commissioners and vice versa. If we lose this special district, we also lose elected officials who are truly part of our community and representative of the people who live here.

I understand that merging the Saratoga Fire District with the Santa Clara County Central Fire Protection District will provide a limited amount of savings. However, for me, the benefit of retaining this integral institution far outweighs the savings that may result from merging the two fire protection districts.

Consequently, as the Mayor of the City of Saratoga, I support the Saratoga Fire Protection District's bid to remain independent. The District is a vital part of our City's identity and serves an important role in our community. I hope that you and the other LAFCO Commissioners will keep this in mind when making your decision on whether to annex the Saratoga Fire District into the Santa Clara County Central Fire Protection District.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jill Hunter", with a stylized flourish extending from the end of the name.

Jill Hunter, Mayor  
City of Saratoga

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CC: LAFCO Commissioners  
LAFCO Executive Director  
LAFCO Clerk

Ernest Kraule  
14433 Springer Avenue  
Saratoga, CA 95070  
ekraule@aol.com, (408) 741-1966

April 18, 2014

Neelima Palacherla, Executive Officer  
LAFCO of Santa Clara County  
70 West Hedding Street  
11<sup>th</sup> Floor, East Wing  
San Jose, CA 95110

RE: Submittal of written comments by Friday, April 18, 2014, on the Saratoga Fire Protection District Special Study Draft Report, to be to be considered in the preparation of the Final Report.

Dear Ms. Palacherla,

I am a resident of the City of Saratoga, and the former Fire Chief of the Saratoga Fire District (SFD) for thirty-four years. For the record, I am submitting the following commentary on the Saratoga Fire Protection District Special Study Draft Report prepared by Economic & Planning Systems, Inc. for the Santa Clara County LAFCO.

Page 8 of the Special Study Draft Report, under Facilities and Equipment, Paragraph 1, states that: It is assumed that all SFD facilities and equipment would transfer to CCFD upon reorganization. **Clearly, Saratoga Fire District's facilities and equipment (the fire station, Engine 30 and the Model AA fire engine) should be transferred to, and retained by the City of Saratoga, not CCFD.**

Page 21, of the Special Study Draft Report, under Liabilities, Long-Term Debt, Bonds Payable, Paragraph 1 states that: On September 12, 2000 the SFD issued the Election of 2000 General Obligation Bonds to finance the renovation, construction and acquisition of SFD facilities and property. **For clarification, the General Obligation Bonds were issued to finance the construction of a new fire station on the existing property owned by the Saratoga Fire District.**

Paragraph 2 states that: The Special Study assumes that the General Obligation bond payments would not be affected by reorganization; and would continue to be paid from an ad valorem tax on properties within the former SFD boundaries GC 56886(c). **If this assumption holds true, similarly the Saratoga Fire District facility, land and property could be transferred to the City of Saratoga, another public agency, and would continue to be paid for by the ad valorem property tax assessed to the residents of the City of Saratoga residing in the Saratoga Fire District. Regardless of whether a reorganization occurs, this tax will continue to be paid until 2031 (seventeen years) by the residents of the Saratoga Fire District for the fire station.**

Sincerely,



Ernest O. Kraule  
Saratoga Fire Chief, Retired

## ***TRANSMITTAL***

To: Neelima Palacherla, Executive Officer  
LAFCO of Santa Clara County

From: Richard Berkson

Subject: Response to Comments on EPS' Special Study Draft Report,  
Saratoga Fire Protection District, March 27, 2014

Date: 5/9/14

As you requested, we have prepared responses to comments submitted on our Special Study Draft Report, Saratoga Fire Protection District, March 27, 2014.

Please let me know if you would like any further response or clarification.

*The Economics of Land Use*



*Economic & Planning Systems, Inc.  
One Kaiser Plaza, Suite 1410  
Oakland, CA 94612-3604  
510.841.9190 tel  
510.740.2080 fax*

*Oakland  
Sacramento  
Denver  
Los Angeles*

**[www.epsys.com](http://www.epsys.com)**

## **Response to Comments by Harold S. Toppel, SFD District Counsel, 4/15/14**

### **THE PROCESS**

#### **A. Where is the annexation?**

**Comment:** While LAFCO may have the power under state law to initiate the dissolution of a special district, it does not have the power to initiate an annexation.

**Response:** The process and legal authorities will be addressed in the LAFCO staff report.

#### **B. Will there be an election on the issue of SFD's dissolution?**

**Comment:** If Section 57113 applies, SFD will have inadequate time to obtain the required number of protest signatures, and the SFD will seek judicial review.

**Response:** The process and legal authorities will be addressed in the LAFCO staff report.

### **THE FINDINGS**

#### **A. Will there be any cost savings?**

**Comment:** Dissolution will not result in the elimination of redundant services, but will eliminate services entirely such as monthly financial statements; annual audited financial reports; monthly emergency response reports; monthly reports on the condition and status of the fire station; monthly reports on fire protection measures in new construction projects; and monthly reports on the status of special community activities conducted by the District.

**Response:** The dissolution of the SFD would eliminate certain financial reports and the costs of that reporting; the elimination of these costs contribute to the potential overhead savings described in the Report.

The CCFD currently prepares reports on responses, station conditions, and other items noted in the comment above. The CCFD presents such reports to city councils within the District's boundaries when requested. If requested by the City of Saratoga, following dissolution, the CCFD can present those reports to the City of Saratoga's city council; the report would include both the boundaries of the current SFD as well as the rest of the City.

**Comment:** There will be no savings to the residents of the SFD from dissolution because there would be no reduction in their property taxes, and any cost savings may be used outside the current boundaries of the SFD.

**Response:** The property taxes of residents will not be affected since state law mandates that all residents pay 1 percent of value in property taxes (plus other voter-approved assessments and bonds).

Cost savings may be used by CCFD either inside or outside of the current SFD boundaries following dissolution. That is currently true for any cost savings that CCFD may create through service delivery efficiencies; the current contract does not require those savings to be used within the SFD. Savings used outside the current boundaries may also benefit residents within the current boundaries, because the current boundaries are served by more than the one Saratoga station, and multiple stations respond when necessary.

**Comment:** It is possible local school districts will suffer if ERAF payments now allocated to schools out of SFD tax revenues are discontinued.

**Response:** This statement is incorrect. The State Controller and the County Auditor have both stated, when addressing the potential annexation of Morgan Hill to the CCFD, that ERAF funds would not transfer to the CCFD following reorganization; those funds would continue to accrue to ERAF. The same situation would apply to the transfer of SFD property tax to the CCFD.

More recently, the County Controller-Treasurer's Office contacted the State Controller's Office, and confirmed to LAFCO staff that the Controller-Treasurer's Office "will take the necessary procedures to ensure that ERAF will not be affected by this proposed change".<sup>1</sup>

## **B. Would a dissolution promote public access and accountability?**

**Comment:** The residents of the SFD would no longer elect the SFD board members following dissolution; the Board of Supervisors governs the CCFD, and the residents of the area only elect one supervisor who is responsible for services to a broader area.

**Response:** Governance of fire protection services to the area would change; the Board of Supervisors would be the governing body, which would eliminate SFD election costs and allow for savings to be used for improved fire protection services.

**Comment:** No contract is required for the SFD to provide EWAS services outside of its boundaries to non-residents of the SFD.

**Response:** Utilizing a contract when providing services outside of a district's boundary is a standard practice. A contract provides the public with information about services to non-residents of the district, and provides transparency by explicitly documenting service obligations, responsibilities, and costs for review by the taxpayers of the district. The absence of a contract or other form of agreement reduces accountability to the residents of the district.

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<sup>1</sup> Email from Irene Lui, County of Santa Clara Controller-Treasurer, May 8, 2014.



**Comment:** The report attempts to fabricate “facts” by investigating whether there is a resolution listing the SFD charges for EWAS services. A missing rate resolution is inconsequential.

**Response:** Published rates and charges adopted by resolution of the governing body is a standard practice for jurisdictions in California. This documentation improves public accountability and transparency. The absence of a rate resolution reduces transparency and accountability to the ratepayers.

If a resolution is adopted by the Board of a Special District it is a legislative action and thus, normally considered vital records, which should be kept permanently. Also, the Secretary of State’s Local Government Records Management Guidelines recommends permanent retention for resolutions. As an example, Government Code section 34090 requires a City to permanently retain a resolution.

**Comment:** The lack of a job description does not minimize the scope or importance of the SFD business manager’s job.

**Response:** Maintaining job descriptions is a standard practice for jurisdictions in California, as it improves transparency and accountability for the salaries being paid. The lack of a job description and contract reduces public accountability and makes public scrutiny of expenditures more difficult.

## **Response to Comments by Ernest Kraule, Former Fire Chief of the SFD (4/18/14)**

**Comment:** The Special Study Draft Report (pg. 8) states that: "It is assumed that all SFD facilities and equipment would transfer to CCFD upon reorganization". Clearly, Saratoga Fire District's facilities and equipment (the fire station, Engine 30 and the Model AA fire engine) should be transferred to, and retained by the City of Saratoga, not CCFD.

**Response:** The CCFD will bear all responsibility for services, and therefore it should also take full responsibility for all equipment, land and buildings currently owned by the SFD.

**Comment:** The Special Study Draft Report (pg. 21) states that: "On September 12, 2000 the SFD issued the Election of 2000 General Obligation Bonds to finance the renovation, construction and acquisition of SFD facilities and properties". For clarification, the General Obligation Bonds were issued to finance the construction of a new fire station on the existing property owned by the Saratoga Fire District.

**Response:** Comment acknowledged.

**Comment:** Page 21 also states that: "This Special Study assumes that the General Obligation bond payments would not be affected by reorganization, and would continue to be paid from an ad valorem tax on properties within the former SFD boundaries. GC §56886(c)" If this assumption holds true, similarly the Saratoga Fire District facility, land and property could be transferred to the city of Saratoga, another public agency, and would continue to be paid for by the ad valorem property tax assessed to the residents of the city of Saratoga residing in the Saratoga Fire District. Regardless of whether a reorganization occurs, this tax will continue to be paid until 2031 (seventeen years) by the residents of the Saratoga Fire District for the fire station.

**Response:** The repayment for the General Obligation bond issued in 2000 will continue to be paid by the residents of the Saratoga Fire District regardless of whether a reorganization occurs. As noted in the first response, the CCFD will bear all responsibility for services, and therefore it should also take full responsibility for all equipment, land and buildings currently owned by the SFD.



**DATE:** May 20, 2014

**TO:** Special District Board Members and Managers  
City Managers and County Executive  
City Council Members and County Board of Supervisors  
LAFCO Members  
Interested Parties

**FROM:** Neelima Palacherla, Executive Officer

**SUBJECT: SARATOGA FIRE PROTECTION DISTRICT SPECIAL STUDY REVISED DRAFT REPORT  
NOTICE OF AVAILABILITY & PUBLIC HEARING**

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The redlined version of the Revised Draft Report for the Saratoga Fire Protection District Special Study is now available for public review and comment on the LAFCO website at [www.santaclara.lafco.ca.gov](http://www.santaclara.lafco.ca.gov). LAFCO consultant's response to comments letters and the comment letters received to date on the Draft Report are also available on the LAFCO website. A LAFCO staff report with information on process and options for next steps is also available on the LAFCO website.

LAFCO will hold a Public Hearing to accept public comment, consider accepting the Revised Draft Report, discuss options for next steps and provide further direction to staff.

**LAFCO Hearing:** June 4, 2014  
**Time:** 1:15 P.M. or soon thereafter  
**Location:** Board Meeting Chambers  
70 W. Hedding Street, San Jose, CA 95110

You may provide written comments on the Revised Draft Report by mail to: LAFCO of Santa Clara County, 70 West Hedding Street, 11<sup>th</sup> Floor, East Wing, San Jose, CA 95110 OR you may email your comments to: [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org). All written comments will be provided to the LAFCO Commission.

Please contact me at (408) 299-5127 or Dunia Noel, LAFCO Analyst, at (408) 299-5148, if you have any questions.

Thank you.